

# AnnuiCare® Kit for Texas Document List

**This kit should contain the following documents** (exceptions noted in bold-face type):

- ❑ AnnuiCare® GILICO Checklist
- ❑ Application for AnnuiCare®
- ❑ Authorization for Release of Health-Related Information
- ❑ Long-Term Care Insurance Personal Worksheet
- ❑ Non-Qualified/Qualified Transfer
- ❑ Annuity Suitability Statement
- ❑ Disclosure Statement for the FlexPlus 10 Annuity
- ❑ Notice Regarding Replacement
- ❑ Notice to Consumers Age 65 and Older
- ❑ AnnuiCare® Customer Checklist
- ❑ AnnuiCare® Brochure
- ❑ Long-Term Care Insurance Outline of Coverage
- ❑ Outline of Coverage Table
- ❑ LTC Insurance Potential Rate Increase Disclosure
- ❑ HIPAA Notice of Privacy Practices For Personal Health
- ❑ "Things You Should Know Before You Buy Long-Term Care Insurance"
- ❑ Long-Term Care Insurance (Texas Department of Insurance)



**GUARANTY**  
Income Life Insurance Company  
P. O. Box 2231  
Baton Rouge, LA 70821  
Tel. #800.535.8110 / Fax # 225.343.1747  
[www.gilico.com](http://www.gilico.com)

## **AnnuiCare® GILICO Checklist**

### **All Items to Be Returned to GILICO**

- 1. Application for AnnuiCare® – Form LTCA-APP1 (TX 10/11)**
  - ✓ The Annuitant/Owner and the Agent must sign the application.
  - ✓ **Funding or transfer paperwork must be submitted with the application.**
  - ✓ For Applicants age 80 – 85 use AnnuiCare® 7 or AnnuiCare® 4.
- 2. Authorization for Release of Health-Related Information – HIPAA-Auth (4/03)**
  - ✓ Must be signed by the Applicant.
- 3. Long-Term Care Insurance Personal Worksheet – LHL560 (LTC)**
  - ✓ This suitability form must be signed by the Applicant and the Agent.
- 4. Non-Qualified/Qualified Transfer (if applicable)– 1035 TRANS (rev 10/04); RoTRANS (rev 10/04)**
  - ✓ Use applicable form to transfer non-qualified or qualified funds.
  - ✓ Must be completed and signed by Applicant and the Agent.
- 5. Annuity Suitability Statement – SR-65 (2/06)**
  - ✓ This suitability form must be signed by the Applicant and the Agent.
- 6. Disclosure Statement for the FlexPlus 10 Annuity – Form 1FPA-10 – ADS-1FPA-10(11/10)**
  - ✓ This form must be signed by all AnnuiCare® 10 Applicants and the Agent. (*Disclosure forms for other AnnuiCare® products can be downloaded from [www.gilicolink.com](http://www.gilicolink.com).)*
- 7. Notice Regarding Replacement – GI517 (TX 12/07)**
  - ✓ To be completed if the Applicant has an existing life or annuity policy.
- 8. Notice to Consumers Age 65 and Older – TX LTC 65+ (11/11)**
  - ✓ Must be signed by the Applicant and Agent.
- 9. AnnuiCare® Long-Term Care Benefits Illustration and Policy Summary**
  - ✓ Must be signed by Applicant.

***AnnuiCare® is not designed to replace traditional long-term care insurance. However, if a traditional long-term care policy is being replaced, you must complete the proper state long-term care replacement form.***

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

1. Proposed Insured / Annuitant's Full Name					Social Security No.	
2. Mailing Address					Home Telephone No. ( )	
3. City		State		Zip Code		Business Telephone No. ( )
4. Sex <input type="checkbox"/> Male <input type="checkbox"/> Female	Date of Birth (Mo./Day/Yr.)	Age at Last Birthday	Place of Birth (State)	5. LTC Rider Coverage <input type="checkbox"/> LTC-2E Extended LTC Benefits Rider	Optional <input type="checkbox"/> Nonforfeiture Benefit	
5. a. Annuity Plan _____ Cash with Application \$ _____ or Transfer Amount \$ _____ <input type="checkbox"/> 1035 Exchange			5. b. Owner/Annuitant's Beneficiary: Name _____ Relationship _____ Date of Birth _____ Issue Annuity without LTC? <input type="checkbox"/> Yes <input type="checkbox"/> No			
6. <b>Protection Against Unintended Lapse.</b> I understand that I have the right to designate at least one person other than myself to receive notice of lapse or termination of this LTC rider for nonpayment of premium. I understand that notice will not be given until 30 days after a premium is due and unpaid. <input type="checkbox"/> I elect to designate the following person to receive this notice. Name _____ The company will notify you of the right to change this written Mailing Address _____ designation, no less often than once every two years. City _____ <input type="checkbox"/> I elect NOT to designate a person to receive this notice. State _____ Zip _____						
7. a. Do you have another long-term care insurance policy or certificate in force (including health care service contract or health maintenance organization contract)? <input type="checkbox"/> Yes If "Yes" list company _____ <input type="checkbox"/> No Address _____						
b. Did you have another long-term care insurance policy or certificate in force during the last 12 months? <input type="checkbox"/> Yes If so, with which company _____ <input type="checkbox"/> No If that policy lapsed, when did it lapse? _____						
c. Are you covered by Medicaid? <input type="checkbox"/> Yes <input type="checkbox"/> No						
d. Do you intend to replace any of your health, life or annuity coverage with this policy or rider? <input type="checkbox"/> Yes <input type="checkbox"/> No						
e. Has the Proposed Insured ever had any insurance application rated, postponed or declined? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" give details. Company _____ Reason _____ Date _____						
<b>THE PROPOSED INSURED SHOULD ANSWER THE FOLLOWING QUESTIONS CAREFULLY.</b>						
<b>Questions About You.</b>						
8. With whom do you live? <input type="checkbox"/> Alone <input type="checkbox"/> Spouse <input type="checkbox"/> Family <input type="checkbox"/> Other (e.g., friend)						
9. Do you live in a residential retirement community? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" please describe the services you use. _____						
10. Have you changed your residence in the last 12 months? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" please explain why. _____						
11. Do you currently drive an automobile? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No" please explain why not. _____						
12. Please provide your height (ft. and in.) _____ and weight (lbs.) _____						
13. Are you currently working outside your home? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" how many hours per week? _____						
14. Do you receive disability income, Worker's Comp, SSI or any other disability benefits? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" please give details on nature and source of benefits. _____						
15. Please give us your primary physician's name, address and phone number. Doctor: _____ Phone Number: _____ Address: _____						
<b>Home Office Endorsement</b>				<b>Special Requests</b>		

**Medical Questions – Please answer by checking the appropriate box for each question.**

16. Currently or in the past 3 years have you (check all that apply and explain below):
- Been advised to have surgery that has not been performed or consulted a specialist or health care professional other than your primary care physician?
  - Been admitted to or medically advised to enter a nursing home or an extended care unit?
  - Received home care services (visiting nurse, nurse's aid, therapist or meals on wheels)?
  - Been a patient in a hospital, emergency room, outpatient surgery or other health care facility?
  - Used adult day care services or therapies (physical therapy, occupational therapy, rehabilitation)?
  - Been diagnosed or received treatment from a member of the medical profession as having AIDS or Aids Related Complex (ARC)?
  - Been diagnosed or received treatment for paralysis, mental disorder, stroke, heart failure or emphysema?
  - None of the above.

Explain checked boxes. \_\_\_\_\_  
\_\_\_\_\_

17. Do you currently use or in the past 12 months have you used (check all that apply or None):
- Oxygen    Hospital Bed in your home    Quad or 4-prong cane    Walker    Motorized scooter
  - Cane    Wheelchair    Kidney Dialysis    None

18. How many times have you seen a doctor in the past 12 months? \_\_\_\_\_ visits.

19. **IMPORTANT:** Please list medication you are currently taking and the reason for taking.

- Not currently taking medication.

<b>Medication</b>	<b>Reason for taking</b>
_____	_____
_____	_____

**I certify** that I have received copies of the HIPAA Notice of Privacy Practices for Personal Health information and my authorization for release of the related information, the Notice of Insurance Information Practices, MIB Notice, and the Investigative Consumer Report Pre-Notification.

**I understand** that I will be contacted personally or by telephone to provide additional information as part of this application. I understand the statements and answers set forth above and any additional information provided must be complete and true to the best of my knowledge. I understand that all information provided in conjunction with this application shall be the basis of any insurance issued hereon.

**I understand that each month the premium for this long-term care coverage will be deducted from the Accumulation Value of my policy. The first year monthly premium is \$\_\_\_\_\_.**

**CAUTION: If your answers on this application are incorrect or untrue, Guaranty Income Life Insurance Company may have the right to deny benefits or rescind your coverage.**

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

X \_\_\_\_\_ Witness X \_\_\_\_\_  
Proposed Insured's Signature **(REQUIRED)** **(REQUIRED)**

**Agent's Statement:**

- (1) List policies sold which are still in force. \_\_\_\_\_
- (2) List policies sold in the past five years which are no longer in force. \_\_\_\_\_
- (3) List any other health insurance policies this applicant has in force. \_\_\_\_\_

**If this policy or rider is intended to replace any life, annuity or long-term care insurance coverage, complete appropriate forms:** Name of Current Company \_\_\_\_\_

Policy # \_\_\_\_\_ Plan Type \_\_\_\_\_

Licensed Agent (Printed) \_\_\_\_\_ Agent No. \_\_\_\_\_

Licensed Agent's Signature X \_\_\_\_\_ Mail Policy to: Policyowner  Agent

**SUPPLEMENT TO**  
**Application for Annuity with Long-Term Care Benefits Rider**

**GUARANTY INCOME LIFE INSURANCE COMPANY**  
929 Government Street · Baton Rouge, LA 70802  
P.O. Box 2231 · Baton Rouge, LA 70821

- A. The policy for which you are making application allows you the option to provide for benefit levels which increase throughout the interval of coverage to account for reasonably anticipated increases in the costs of long-term care services covered by the policy.
1. **Inflation Protection.** I elect to increase benefit levels on the annual policy anniversary date throughout the interval of coverage without providing evidence of insurability or health status, such that the additional benefit amount is not less than 5.0% greater than the original benefit amount, compounded annually. I understand such increase to benefit levels shall occur automatically unless I specifically reject the option to increase in writing within 30 days following the anniversary date of the policy. The additional premium at current rates for this benefit is \$\_\_\_\_\_ annually for each \$1.00 increase in daily benefits at issue age \_\_\_\_\_. **This premium may change in the future.**
2. **Rejection of Inflation Protection.** I have reviewed the Outline of Coverage and the graphs that compare the benefits and premiums of this policy with and without inflation protection. I realize that based on current health care cost trends, the benefits provided by a long-term care plan which does not have meaningful inflation protection may be significantly diminished in terms of real value to me, depending on the amount of time which elapses between the date I purchase the policy and the date on which I first become eligible to use them. Specifically, I have reviewed the Outline of Coverage, Form LTC-1E (TX 2/11), and I reject inflation protection.
3. **Election to Reject the Nonforfeiture Benefit.** I have reviewed the Outline of Coverage and the explanation of nonforfeiture benefits and I reject the nonforfeiture option.
4. **Automatic Annuicare® Option.** I elect for benefits to increase at the same rate of increase as the annuity value as automatically provided in the policy.
- B. I acknowledge I have been provided Form LHL561(LTC), the “Long-Term Care Insurance Potential Rate Increase Disclosure Form.”
- C. Are your assets, not including your home, in excess of \$100,000?     Yes     No

X \_\_\_\_\_  
Proposed Insured's Signature **(REQUIRED)**

Witness X \_\_\_\_\_  
**(REQUIRED)**

Date: \_\_\_\_\_



**GUARANTY**

Income Life Insurance Company

**Authorization for Release of Health-Related Information  
to Guaranty Income Life Insurance Company  
This authorization complies with the Health Insurance Portability  
and Accountability Act (“HIPAA”) Privacy Rule**

\_\_\_\_\_  
Name of proposed insured/patient (please print)

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date of birth

I authorize any health plan, physician, health care professional, hospital, clinic, laboratory, pharmacy, medical facility, or other health care provider that has provided payment, treatment or services to me or on my behalf (“My Providers”) to disclose my entire medical record and any other protected health information concerning me to Guaranty Income Life Insurance Company (“the Company”) and its employees and third party administrators. This includes information on the diagnosis or treatment of Human Immunodeficiency Virus (HIV) infection and sexually transmitted diseases. This also includes information on the diagnosis and treatment of mental illness and the use of alcohol, drugs, and tobacco, but excludes psychotherapy notes.

By signing below, I terminate any agreements I have made with My Providers to restrict my protected health information and I instruct My Providers to release and disclose my entire medical record without restriction.

My protected health information is to be disclosed under this Authorization so that the Company may: 1) underwrite my application for coverage by making eligibility, risk rating, policy issuance and enrollment determinations; 2) obtain reinsurance; 3) administer claims and determine or fulfill responsibility for coverage and provision of benefits; 4) administer coverage; and 5) conduct other legally permissible activities that relate to any coverage I have or have applied for with the Company.

This authorization shall remain in force for 30 months following the date of my signature below, and a copy of this authorization is as valid as the original. I understand that I have the right to revoke this authorization in writing, at any time, by sending a written request for revocation to the Company at 929 Government Street, Baton Rouge, LA 70821, Attention: Privacy Official. I understand that a revocation is not effective if any of My Providers has relied on this authorization or to the extent that the Company has a legal right to contest a claim under an insurance policy or to contest the policy itself. I understand that any information that is disclosed pursuant to this authorization may be redisclosed and no longer covered by certain federal rules governing privacy and confidentiality of health information.

I understand that if I refuse to sign this authorization, the Company may not be able to process my application, or if coverage has been issued may not be able to make any benefit payments. I acknowledge that I have received a copy of this authorization.

\_\_\_\_\_  
Signature of Proposed Insured/Patient or Personal Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Description of Personal Representative’s Authority or  
Relationship to Proposed Insured/Patient

\_\_\_\_\_  
Witness

**GUARANTY INCOME LIFE INSURANCE COMPANY**  
**LONG-TERM CARE INSURANCE**  
**PERSONAL WORKSHEET**

**For the State of Texas**

People buy long-term care insurance for many reasons. Some don't want to use their own assets to pay for long-term care. Some buy insurance to make sure they can choose the type of care they get. Others don't want their family to have to pay for care or don't want to go on Medicaid. But long-term care insurance may be expensive, and may not be right for everyone.

By state law, the insurance company must fill out part of the information on this worksheet and ask you to fill out the rest to help you and the company decide if you should buy this policy.

**Premium Information**

Policy Form Number LTC-2E (TX 2/11)

The premium for the coverage you are considering will be \$\_\_\_\_\_ per month, or \$\_\_\_\_\_ per year.

**Type of Policy:** Guaranteed Renewable

**The Company's Right to Increase Premiums:** The company has a right to increase premiums on this policy form in the future, provided it raises rates for all policies in the same class in this state.

**Rate Increase History.**

We have sold long-term care insurance since 1999 and have sold this rider, Form No. LTC-2E (TX 2/11), since 2011. We have never raised rates for any long-term care policy sold in this state or any other state.

**Questions Related to Your Income**

How will you pay each year's premium?

- From my Income                       From my Savings/Investments                       My Family will Pay
- Have you considered whether you could afford to keep this policy if the premiums went up, for example by 20%?

What is your annual income? (check one)

- Under \$10,000                       \$10-20,000                       \$20-30,000                       \$30-50,000                       Over \$50,000

How do you expect your income to change over the next 10 years? (check one)

- No change                       Increase                       Decrease

*If you will be paying premiums with money received only from your own income, a rule of thumb is that you may not be able to afford this policy if the premiums will be more than 7% of your income.*

**Will you buy inflation protection?** (check one)    Yes    No

If not, have you considered how you will pay for the difference between future costs and your daily benefit amount?

From my Income                       From my Savings/Investments                       My Family will Pay

*The national average annual cost of care in 2001 was \$56,000, but this figure varies across the country. In ten years the national average annual cost would be about \$91,280 if costs increase 5% annually.*

**What elimination period are you considering?** Number of days \_\_\_\_\_ Approximate cost \$\_\_\_\_\_ for that period of care.

**How are you planning to pay for your care during the elimination period?** (check one)

From my Income                       From my Savings/Investments                       My Family will Pay

### **Questions Related to Your Savings and Investments**

Not counting your home, about how much are all of your assets (your savings and investments) worth? (check one)

Under \$20,000                       \$20,000-\$30,000                       \$30,000-\$50,000                       Over \$50,000

How do you expect your assets to change over the next 10 years? (check one)

No change                       Increase                       Decrease

*If you are buying this policy to protect your assets and your assets are less than \$30,000, you may wish to consider other options for financing your long-term care.*

### **Questions Related to Your Needs**

You must be diagnosed with cognitive impairment or be unable to perform two (2) of the following six (6) activities of daily living (ADLs) – bathing, continence, dressing, eating, toileting, and transferring – prior to your long-term care benefits being triggered. Do you understand this policy limitation?    **YES**    **NO**

What type of long-term care service do you anticipate utilizing? (check all that apply)

Nursing home care                       Assisted living care                       Home health care  
 Adult day care                       Hospice care                       Respite care                       other services



### Disclosure Statement

- The answers to the questions above describe my financial situation.  
OR  
 I choose not to complete this information.  
(Check one.)

- I acknowledge that the carrier and/or its agent (below) has reviewed this form with me including the premium, premium rate increase history and potential for premium increases in the future. I understand the above disclosures. **I understand that the rates for this policy may increase in the future.**

Signed: \_\_\_\_\_ (Applicant) \_\_\_\_\_ (Date)

- I explained to the applicant the importance of completing this information.

Signed: \_\_\_\_\_ (Agent) \_\_\_\_\_ (Date)

Agent's Printed Name: \_\_\_\_\_

My agent has advised me that this policy does not seem to be suitable for me. However, I still want the company to consider my application.

Signed: \_\_\_\_\_ (Applicant) \_\_\_\_\_ (Date)

*The company may contact you to verify your answers.*

# GUARANTY INCOME LIFE INSURANCE COMPANY

PO BOX 2231 • Baton Rouge, LA 70821  
929 Government Street • Baton Rouge, LA 70802  
225-383-0355 • 800-535-8110 • FAX 225-343-1747

## Request for **NON-QUALIFIED** Fund Transfer / 1035 Exchange

Please print or type

<b>A. SURRENDERING COMPANY INFORMATION</b>			Insured/Annuitant/Depositor		
Current Trustee, Custodian, or Insurance Company			Owner(s)		
Street			Owner's Social Security Number		
City	State	Zip	Owner's Date of Birth (Month/Day/Year)		
Current Account Number(s)					

### B. DISTRIBUTION INSTRUCTIONS *(Not all companies will process a partial account transfer under Sect. 1035 of the Internal Rev. Code)*

All Effective:  Immediately To:  New Policy  
 Partial \$ \_\_\_\_\_  Upon the Maturity Date of \_\_\_\_\_  Existing Policy # \_\_\_\_\_

### C. TYPE OF TRANSFER *(Current plan type)*

FUND TRANSFER  
 1035 EXCHANGE

### D. TYPE OF ACCOUNT BEING TRANSFERRED

Life Insurance  Annuity  Bank CD  
 Mutual Fund (name) \_\_\_\_\_  
 Other (please specify) \_\_\_\_\_

### E. ABSOLUTE ASSIGNMENT TO EFFECT A 1035 EXCHANGE *(if Fund Transfer disregard Section E)*

Upon the Company's written acceptance of this Assignment, I do hereby assign and transfer without exception, limitations, or reservations to Guaranty Income Life Insurance Company of Baton Rouge, Louisiana (the "Company"), all assignable benefits, interest, property, and rights in the policy or contract (the "Policy") described above in exchange for a new life insurance or non-qualified annuity policy as described in my application to the Company for such new policy. This Assignment shall not be effective until the Company accepts same in writing.

I expressly represent that the sole purpose of this Assignment is to effect an exchange and rollover of an insurance policy under Section 1035 (a) of the Internal Revenue Code. If no exchange takes place, then this Assignment shall become null and void.

I understand that if the Company underwrites and issues a new life insurance or annuity policy on the life of the same insured or annuitant named in the Policy, then the Company intends to surrender the Policy for its cash value and the Policy will no longer be in force or effect as of the coverage termination date. Upon receipt of the surrender value by the Company, the proceeds will be applied to and considered part of the purchase payment for the new life insurance or annuity policy. I specifically assign the Policy to the Company as collateral security for the amount of its cash surrender value.

I represent and warrant that no person, firm or corporation has an interest in the Policy, except the undersigned, and that no proceedings of either a legal or equitable nature have been instituted or are pending against the undersigned.

Furthermore, I understand that by executing this Assignment, I irrevocably waive all rights, claims and demands under the Policy.

I represent and agree that the Company and the undersigned agent, have made no representations concerning my tax treatment under Internal Revenue Code Section 1035, or otherwise. The Company assumes no responsibility for the validity or effect of this assignment nor the undersigned's tax treatment under Internal Revenue Code Section 1035 or otherwise.

### F. THE CONTRACT *(Applicable for the Total Transfer of Annuity and Life Insurance Policies Only)*

ENCLOSED  
 LOST/DESTROYED – I hereby declare under penalty of perjury that the above numbered contract has been lost or destroyed; that it has not been delivered to any person having any right, title or interest in it.

### G. SIGNATURES – Under penalties of perjury, I (We) certify the taxpayer ID numbers shown on this form are correct.

Please liquidate and transfer the proceeds identified above and make the check payable to Guaranty Income Life Insurance Company for the benefit of the above referenced Participant.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at \_\_\_\_\_

X

Signature of Policyowner(s) (Assignor)

X

Signature of Witness \_\_\_\_\_ Signature of Policyowner's Spouse (if Community Property State)

### H. ACCEPTANCE *(To be completed by the Home Office)*

This is to certify that the above individual has established a:  Life Insurance Policy  Non-Qualified Annuity

Guaranty Income Life Insurance Company will accept the transfer and will assume full responsibility as trustee for the funds described above. Please withdraw and transfer on a fiduciary to fiduciary basis, all or part of the account/policy as instructed above. It is the Owner's intention that this payment shall not constitute actual or constructive receipt to them for income tax purposes. Please return a copy of this form with your check made payable to Guaranty Income Life Insurance Company and forward payment to the address above.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_

Authorized Signature/Title

### I. COST BASIS REQUESTED

In accordance with the Tax Equity and Fiscal Responsibility Act of 1982, please complete the attached request for cost basis to the assignee.

**GUARANTY INCOME LIFE INSURANCE COMPANY**

P.O. Box 2231 • Baton Rouge, LA 70821  
929 Government Street • Baton Rouge, LA 70802  
225-383-0355 • 800-535-8110 • FAX 225-343-1747

**Request for QUALIFIED  
Fund Transfer / Rollover**

Please print or type

**A. SURRENDERING COMPANY INFORMATION**

Current Trustee, Custodian, or Insurance Company \_\_\_\_\_ Insured/Annuitant/Depositor \_\_\_\_\_  
Street \_\_\_\_\_ Owner(s) \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Owner's Social Security Number \_\_\_\_\_  
Current Account Number(s) \_\_\_\_\_ Owner's Date of Birth (Month/Day/Year) \_\_\_\_\_

**B. DISTRIBUTION INSTRUCTIONS**

All **Effective:**  Immediately **To:**  New Policy  
 Partial \$ \_\_\_\_\_  Upon the Maturity Date of \_\_\_\_\_  Existing Policy # \_\_\_\_\_

**C. TYPE OF TRANSFER/ROLLOVER (Current plan type)**

IRA  Inherited IRA As Beneficiary of \_\_\_\_\_  
Date of Death \_\_\_\_\_  
 Roth  TSA 403(b) Direct Transfer from my current TSA 403(b) pursuant  
to the requirements of Rev. Rule 90-24.  
 SEP  Other (please specify) \_\_\_\_\_

**D. TYPE OF EXISTING ACCOUNT**

Annuity  Bank CD  
 Mutual Fund (name) \_\_\_\_\_  
 Other (please specify) \_\_\_\_\_

**E. RETIREMENT PLAN TO AN IRA (to be completed only if rolling a retirement plan to an IRA)**

Reason for Eligibility (check one)  Plan termination  Disability  Over age 59½  
 Death  Divorce  Separation from Service

Due to the possible tax consequences of making a direct rollover of funds or property to an IRA, I have been advised to see a professional tax advisor. All information provided by me is true and correct and may be relied on by the Custodian. I hereby certify that I am making an irrevocable election to treat the transaction as a direct rollover. I assume full responsibility for this direct rollover transaction and will not hold the Custodian liable for any adverse tax consequences that may result.

**F. REQUIRED MINIMUM DISTRIBUTION FOR IRA, TSA, AND QUALIFIED PLANS**

A. Have you reached age 70½ or older in this calendar year? .....  YES  NO  
B. Have you satisfied your required minimum distribution from the distributing plan? .....  YES  NO  
\*\*\*IF THE ANSWER TO A IS NO, DISREGARD B - F / IF THE ANSWER TO A IS YES AND B IS NO, COMPLETE C - F\*\*\*  
C. I direct the present custodian/trustee/insurer to: (select one of the following)  
 Distribute my Required Minimum Distribution to me before transferring my IRA funds;  
 Retain my Required Minimum Distribution amount until such time that such amount is required to be distributed;  
 Transfer the entire amount as the current Required Minimum Distribution is scheduled to be made/has been made from another IRA account.  
D. What is the date of birth of your oldest primary beneficiary under the distributing plan? \_\_\_\_\_  
E. Is your designated primary beneficiary your spouse? .....  YES  NO  
F. I elect to have my life expectancy  recalculated  not recalculated annually.  
(Current law does not allow you to change your life expectancy election after your Required Beginning Date)


**G. THE CONTRACT (Applicable for the Total Transfer of Annuity and Life Insurance Policies Only)**

ENCLOSED  
 LOST/DESTROYED – I hereby declare under penalty of perjury that the above numbered contract has been lost or destroyed; that it has not been delivered to any person having any right, title or interest in it.

**H. SIGNATURES – Under penalties of perjury, I (We) certify the taxpayer ID numbers shown on this form are correct.**

Please liquidate and transfer the proceeds identified above and make the check payable to Guaranty Income Life Insurance Company for the benefit of the above referenced Participant.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_ at \_\_\_\_\_

  
\_\_\_\_\_  
Signature of Policyowner (Assignor)

Signature of Witness \_\_\_\_\_ Signature of Policyowner's Spouse (if Community Property State) \_\_\_\_\_

**I. ACCEPTANCE (To be completed by the Home Office)**

This is to certify that the above individual has established a(n):  IRA Annuity  Roth IRA Annuity  Inherited IRA

Guaranty Income Life Insurance Company will accept the transfer and will assume full responsibility as trustee for the funds described above. Please withdraw and transfer on a fiduciary to fiduciary basis, all or part of the account/policy as instructed above. It is the Owner's intention that this payment shall not constitute actual or constructive receipt to them for income tax purposes. Please return a copy of this form with your check made payable to Guaranty Income Life Insurance Company.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_ by \_\_\_\_\_

Authorized Signature / Title

**J. COST BASIS REQUESTED (After-tax contributions)**

In accordance with the Tax Equity and Fiscal Responsibility Act of 1982, please provide cost basis information if applicable.



**GUARANTY INCOME LIFE INSURANCE COMPANY**  
**P.O. Box 2231, Baton Rouge, LA 70821-2231**  
**929 Government Street, Baton Rouge, LA 70802**  
**800.535.8110 / 225.383.0355**

**ANNUITY SUITABILITY STATEMENT**

Thank you for applying for an annuity policy from Guaranty Income Life Insurance Company (GILICO). If you are 65 or older (any age in some states), the insurance producer is required by law to make reasonable efforts to obtain information concerning your financial status, tax status, investment objectives and other pertinent information. Please read and respond to the questions and statements below.

**FINANCIAL STATUS**

Annual Income:  \$24,999 & Under       \$25,000 - \$49,999       \$50,000 - \$99,999       \$100,000+  
 Net Worth<sup>1</sup>:       \$99,999 and Under       \$100,000 - \$499,999       \$500,000 - \$999,999       \$1,000,000+

<sup>1</sup>Net Worth = Total Assets (not including home and automobile) – Total Debts

**FEDERAL AND STATE INCOME TAX STATUS – My combined tax rate is:**

Less than 15%       15% to 28%       Greater than 28%

**FINANCIAL OBJECTIVES**

1. Your financial objective in purchasing this product (check all that apply):  
 Income now       Flexibility       Tax deferral       Growth followed by income  
 Pass on to beneficiaries       Provides guarantees       Other \_\_\_\_\_
2. Do you have cash, liquid assets, or other sources of income available for living expenses and emergencies in addition to the money you plan to use to purchase this annuity contract?       Yes       No
3. Do you understand there are surrender charges for early termination, except for required minimum distributions and free withdrawals provided in your policy?       Yes       No  
 How do you plan to withdraw money from this product?  
 Regular income       Lump sum       No plans to withdraw
4. Indicate which of the following financial products you now own or have owned? (check all that apply)  
 Certificate of Deposit       Traditional Fixed Annuity       Equity-Indexed Annuity       Variable Annuity
5. How are you funding the purchase of this annuity? (check all that apply)  
 Annuity       Bank Checking/Savings Account       Certificates of Deposit       Mutual Funds/Stocks       Other
6. Other than your insurance producer, which, if any, of the following persons assisted in your decision to purchase the annuity policy? (check all boxes that apply)  
 Accountant       Financial planner       Family Member       None  
 Attorney       Other (please specify) \_\_\_\_\_

I elect not to provide some or all of the information requested above.

**NOTE: If this form is not completed and signed, we cannot consider your application.**

I acknowledge that I have read the Disclosure Statement for this annuity and believe it meets my needs at this time. To the best of my knowledge and belief, the information above is true and complete.

\_\_\_\_\_  
 Owner's Printed Name      Owner's Signature      Date

I reasonably believe the purchase of this annuity is suitable based on the information provided by the Owner regarding his or her insurance needs and financial objectives.

\_\_\_\_\_  
 Insurance Producer's Printed Name      Insurance Producer's Signature      Date



**GUARANTY INCOME LIFE INSURANCE COMPANY**  
 929 Government Street  
 Baton Rouge, LA 70802  
 800.535.8110 / 225.383.0355  
 www.gilico.com

**DISCLOSURE STATEMENT FOR THE  
 FLEXPLUS 10 ANNUITY  
 FORM 1FPA-10\*  
 FLEXIBLE PREMIUM DEFERRED ANNUITY**

**Please take the time to read and understand the following information.**

**SUITABILITY:** The FlexPlus 10 Annuity is a Flexible Premium Deferred Annuity designed for those seeking guaranteed tax-deferred growth with a choice of monthly income options. Any rider included with your annuity will have separate disclosure information.

**NO SALES CHARGES OR FEES:** You earn interest immediately on 100% of your premium. However, Guaranty Income Life reserves the right to deduct state premium taxes, if applicable, based on the Owner's state of residence.

**INTEREST:** Interest credited to your initial premium will be at the rate shown on Page 3 of your policy. Interest is credited at the annual effective rate as of the date funds are received in our Home Office. **Rates are periodically determined by the company and subject to change, but will never be less than the Guaranteed Effective Annual Rate shown on Page 3 of your policy.**

**WITHDRAWAL CHARGES:** The Accumulation Value may be reduced by Withdrawal Charges. The Withdrawal Charge is a percentage of the **premium** amount withdrawn as follows:

<b>CONTRACT YEAR</b>	1	2	3	4	5	6	7	8	9	10	11+
<b>WITHDRAWAL CHARGE</b>	9%	8%	7%	6%	5%	5%	4%	3%	2%	1%	0%

**TAXATION OF WITHDRAWALS:** Withdrawals may be subject to income tax. If withdrawals are made before age 59 1/2, they also may be subject to a 10% IRS penalty.

**EXCEPTIONS TO WITHDRAWAL CHARGES AND PERIODIC INCOME OPTIONS:**

1. Interest earnings may be withdrawn monthly at no charge, subject to a \$200 minimum.
2. Accumulated interest earnings may be withdrawn at any time without incurring a Withdrawal Charge.
3. After the fifth contract year, the Owner may elect a life annuity option without incurring a Withdrawal Charge.

**DEATH OF OWNER OR ANNUITANT:**

1. The Death Benefit will be the Accumulation Value as of the date of death of the Owner.
2. If the Annuitant is different from the Owner and the Annuitant dies before the Owner elects to annuitize, the Owner may name a new Annuitant.
3. A **beneficiary spouse** of the deceased Owner may continue the policy in force as the Owner.

**PRODUCER COMPENSATION:** You earn interest on 100% of your premium; no sales charges or fees are deducted. The insurance producer will be compensated by Guaranty Income Life for the placement of this annuity.

**EXISTING POLICIES:** If you own policies that you intend to replace or change, proper replacement forms must be completed. Some states have more stringent replacement requirements, which must be observed by the insurance producer.

**SAFETY OF FUNDS:** Your annuity values are guaranteed by contract and protected by the financial strength of Guaranty Income Life which has been in business since 1926. Guaranty Income Life is a Legal Reserve Life Insurance Company and is required to maintain reserves equal to or greater than guaranteed surrender values. Insurance products are regulated by federal and state laws. *This annuity is not FDIC insured, not insured by any federal government agency, not a deposit or other obligation of any bank, and not guaranteed by any bank or savings association.*

Tax laws are subject to varying interpretations and possible changes. Guaranty Income Life and its producers do not give legal, accounting or tax advice. Please consult your tax advisor for additional information.

I have read and understand the above information. A copy of this Disclosure will be included with my policy.

\_\_\_\_\_  
*Date*                      *Print Owner Name*                      *Owner Signature*

\_\_\_\_\_  
*Date*                      *Print Insurance Producer Name*                      *Insurance Producer Signature*                      *Producer No.*



**GUARANTY INCOME LIFE INSURANCE COMPANY**  
**P.O. Box 2231, Baton Rouge, LA 70821-2231**  
**929 Government Street, Baton Rouge, LA 70802**  
**800.535.8110 / 225.383.0355**

**IMPORTANT NOTICE:  
REPLACEMENT OF LIFE INSURANCE OR ANNUITIES**

This document must be signed by the applicant and the producer and a copy left with the applicant.

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A replacement occurs when a new policy or contract is purchased and, in connection with the sale, you discontinue making premium payments on the existing policy or contract, or an existing policy or contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A financed purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy values, including accumulated dividends, of an existing policy to pay all or part of any premium or payment due on the new policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interests. You will pay acquisition costs and there may be surrender costs deducted from your policy or contract. You may be able to make changes to your existing policy or contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing policy and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements before you make your purchase decision and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing policy or contract?  YES  NO
2. Are you considering using funds from your existing policies or contracts to pay premiums due on the new policy or contract?  YES  NO

If you answered "yes" to either of the above questions, list each existing policy or contract you are contemplating replacing (include the name of the insurer, the insured or annuitant, and the policy or contract number if available) and whether each policy or contract will be replaced or used as a source of financing:

INSURER NAME	CONTRACT OR POLICY #	INSURED OR ANNUITANT	REPLACED (R) OR FINANCING (F)
1.			
2.			
3.			

Make sure you know the facts. Contact your existing company or its agent for information about the old policy or contract. If you request one, an in force illustration, policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

The existing policy or contract is being replaced because

I certify that the responses herein are, to the best of my knowledge, accurate:

\_\_\_\_\_  
Applicant's Signature and Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Producer's Signature and Printed Name

\_\_\_\_\_  
Date

I do not want this notice read aloud to me. \_\_\_\_\_ (Applicants must initial only if they do not want the notice read aloud.)

A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing policy or contract and the proposed policy or contract. One way to do this is to ask the company or agent that sold you your existing policy or contract to provide you with information concerning your existing policy or contract. This may include an illustration of how your existing policy or contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

**PREMIUMS:** Are they affordable?  
Could they change?  
You're older—are premiums higher for the proposed new policy?  
How long will you have to pay premiums on the new policy? On the old policy?

**POLICY VALUES:** New policies usually take longer to build cash values and to pay dividends.  
Acquisition costs for the old policy may have been paid, you will incur costs for the new one.  
What surrender charges do the policies have?  
What expense and sales charges will you pay on the new policy?  
Does the new policy provide more insurance coverage?

**INSURABILITY:** If your health has changed since you bought your old policy, the new one could cost you more, or you could be turned down.  
You may need a medical exam for a new policy.  
Claims on most new policies for up to the first two years can be denied based on inaccurate statements.  
Suicide limitations may begin anew on the new coverage.

**IF YOU ARE KEEPING THE OLD POLICY AS WELL AS THE NEW POLICY:**

How are premiums for both policies being paid?  
How will the premiums on your existing policy be affected?  
Will a loan be deducted from death benefits?  
What values from the old policy are being used to pay premiums?

**IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:**

Will you pay surrender charges on your old contract?  
What are the interest rate guarantees for the new contract?  
Have you compared the contract charges or other policy expenses?

**OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:**

What are the tax consequences of buying the new policy?  
Is this a tax free exchange? (See your tax advisor.)  
Is there a benefit from favorable "grandfathered" treatment of the old policy under the federal tax code?  
Will the existing insurer be willing to modify the old policy?  
How does the quality and financial stability of the new company compare with your existing company?

**ACKNOWLEDGEMENT OF NONDUPLICATION  
PLEASE READ CAREFULLY BEFORE SIGNING**

<p>I _____ (Agent's Name), certify that I have done the following:</p> <p>1. Informed the undersigned applicant of the right to have all existing health insurance policies presently in force reviewed by me to determine whether duplicate coverage will occur with the issuance of this policy.</p> <p>2. Reviewed the policies listed below and have found that duplication WILL or WILL NOT (circle one) occur with the issuance of the applied for policy.</p> <p><u>LTC-2E (TX 2/11)</u> (Form Number)</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%; text-align: left;">COMPANY</th> <th style="width:30%; text-align: center;">POLICY NUMBER (#)</th> <th style="width:40%; text-align: center;">TYPE OF POLICY</th> </tr> </thead> <tbody> <tr><td>_____</td><td></td><td></td></tr> <tr><td>_____</td><td></td><td></td></tr> <tr><td>_____</td><td></td><td></td></tr> </tbody> </table> <p>Check one:</p> <p>a. ____ Duplication will not occur because the above listed policy(ies) # _____ will be replaced by the applied-for policy _____ (form number). Justification for the replacement is (explain benefit to consumer) _____ _____</p> <p>b. ____ No health policies in force at this time.</p> <p>c. ____ Applicant has elected not to have the policy(ies) reviewed.</p> <p>_____ Date                      Agent/Company Representative</p>	COMPANY	POLICY NUMBER (#)	TYPE OF POLICY	_____			_____			_____			<p><b>NOTICE TO CONSUMERS</b> Age 65 and Older</p> <p>This Notice is required by the Texas Department of Insurance because of its concern that some consumers may buy unnecessary coverage or may replace their coverage needlessly. Buying too much coverage or replacing a policy may be a waste of your money.</p> <p>1. PURCHASING MORE THAN ONE POLICY OF EACH OF THE FOLLOWING TYPES MAY BE UNNECESSARY AND COSTLY:</p> <ul style="list-style-type: none"> <li>• SPECIFIED DISEASE (CANCER, STROKE, ETC.)</li> <li>• HOSPITAL INDEMNITY</li> <li>• BASIC HOSPITAL EXPENSE OR BASIC MEDICAL/SURGICAL EXPENSE (THESE POLICIES ARE TYPIFIED BY A SCHEDULED BENEFIT PER ILLNESS)</li> <li>• LONG TERM CARE</li> </ul> <p>THE TEXAS DEPARTMENT OF INSURANCE CANNOT SAY WHETHER YOU SHOULD OR SHOULD NOT PURCHASE ANY OR ALL OF THESE POLICY TYPES. THE DECISION IS YOURS ALONE AND SHOULD BE DETERMINED BY YOUR NEEDS AND CIRCUMSTANCES.</p> <p>2. IF YOU HAVE MORE THAN ONE POLICY IN ANY OF THE ABOVE CATEGORIES, THE TEXAS DEPARTMENT OF INSURANCE STRONGLY URGES YOU TO GET A SECOND OPINION FROM SOMEONE YOU TRUST AS TO WHETHER YOU NEED MORE THAN ONE OF THESE POLICIES.</p> <p>3. IF YOU REPLACE EXISTING HEALTH INSURANCE POLICIES, YOU MAY LOSE COVERAGE DURING A PERIOD OF TIME THAT NEW EXCLUSIONS, REDUCTIONS, LIMITATIONS, OR WAITING PERIODS MUST BE SERVED.</p> <p>4. THE TEXAS DEPARTMENT OF INSURANCE STRONGLY URGES YOU TO ALLOW YOUR INSURANCE AGENT OR COMPANY TO REVIEW ALL YOUR CURRENT HEALTH POLICIES PRIOR TO REPLACING EXISTING HEALTH COVERAGE OR PURCHASING ADDITIONAL HEALTH COVERAGE.</p>
COMPANY	POLICY NUMBER (#)	TYPE OF POLICY											
_____													
_____													
_____													

I certify that my right to have all of my existing health policies examined has been explained to me by the agent named above.

\_\_\_\_\_ I have been informed that the policy for which I am applying WILL or WILL NOT (circle one) result in duplicate coverage.

\_\_\_\_\_ I have chosen to waive my right to have my policies reviewed to determine if they unnecessarily duplicate each other.

I have read the above notice. Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Applicant





**GUARANTY**  
Income Life Insurance Company

P. O. Box 2231  
Baton Rouge, LA 70821  
Tel. #800.535.8110 / Fax # 225.343.1747  
[www.gilico.com](http://www.gilico.com)

## **AnnuiCare® Customer Checklist**

### **All Items To Be Left With Customer**

- 1. **AnnuiCare® Brochure - LTC-B2 (TX 1/12)**
- 2. **Long-Term Care Insurance Outline of Coverage - Form LTC-1E (TX 2/11)**
- 3. **Outline of Coverage Table – OC-Table (TX 2/11)**  
✓ Must be completed and left with the customer.
- 4. **Long-Term Care Insurance Potential Rate Increase Disclosure Form – LHL561 (LTC)**
- 5. **HIPAA Notice of Privacy Practices For Personal Health Information - HIPAA-NPP (04/03)**
- 6. **“Things You Should Know Before You Buy Long-Term Care Insurance” – LHL567 (LTC)**
- 7. **Long-Term Care Insurance (Rev 4/11 - 20 page booklet published by the Texas Department of Insurance)**

*AnnuiCare® is not designed to replace traditional long-term care insurance. However, if a traditional long-term care policy is being replaced, you must complete the proper state long-term care replacement form.*

**Thank you for your AnnuiCare® application.  
You will be contacted for an underwriting interview.**

# ***AnnuiCare<sup>®</sup>***

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**A Guaranteed Tax-Deferred Annuity with Long-Term Care Benefits**



**GUARANTY**  
Income Life Insurance Company

# Reasons for Long-Term Care (LTC) Protection

The national average Long-Term Care expense in the United States in 2008 was over \$68,000 per year.<sup>1</sup>

## Long-Term Care Protection Can Help You:

- *Maintain your choices and options.*
- *Avoid the possibility of depleting your life savings.*

## AnnuiCare<sup>®</sup> Advantages

AnnuiCare<sup>®</sup> is a tax-deferred annuity that is intended to be Tax Qualified Long-Term Care coverage. The Long-Term Care coverage is equal to three times the value of your annuity. The Long-Term Care premiums are conveniently paid from the annuity's value.

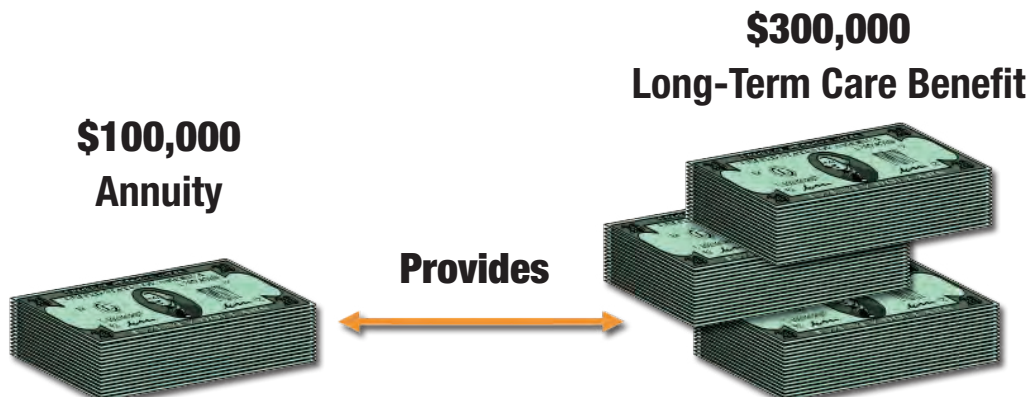
- **MONEY BACK** - AnnuiCare<sup>®</sup> provides Long-Term Care benefits if you need them, or your annuity value, including net interest, if you don't.
- **SAFETY** - Your AnnuiCare<sup>®</sup> value is free from market risk.
- **LIQUIDITY** - Your annuity interest exceeding premium withdrawals can be accessed easily with no withdrawal charges.
- **LONG-TERM CARE BENEFIT** - AnnuiCare<sup>®</sup> will reimburse up to three times your annuity value for Long-Term Care benefits for six years or longer.
- **WAITING PERIOD** - AnnuiCare<sup>®</sup> has a 90-day Deductible Period. Claims can be filed beginning day one.
- **TAX-DEFERRED GROWTH** - Interest earned in your annuity accumulates tax deferred.
- **PRE-EXISTING CONDITIONS ARE COVERED** - We will not deny benefits for pre-existing conditions.
- **DEATH BENEFIT** - The full value of your annuity will be paid directly to your beneficiaries, bypassing probate.<sup>2</sup>

**WITHDRAWALS FOR LONG-TERM CARE  
PREMIUMS AND BENEFITS ARE TAX FREE.<sup>2</sup>**

## The AnnuiCare<sup>®</sup> Concept

Combines the safety and tax advantages of an annuity with the benefits of Long-Term Care insurance. AnnuiCare<sup>®</sup> provides three times the annuity value for Tax Qualified Long-Term Care expenses.

### 3 FOR 1 LONG-TERM CARE BENEFITS



# How AnnuiCare® Works

1. You establish a tax-deferred annuity.
2. A portion of your annuity value is used to pay for the Long-Term Care rider.  
**There are no out-of-pocket premiums.**
3. Benefits begin after a 90-day Deductible Period if you are prescribed a Plan of Care and certified by a Licensed Health Care Practitioner as:
  - *Being unable to perform two of the six Activities of Daily Living: bathing, continence, dressing, eating, toileting and transferring; or*
  - *Having a cognitive impairment requiring substantial supervision, such as Alzheimer's Disease.*
4. Your Long-Term Care expenses will be reimbursed up to the Daily Maximum benefit. These reimbursements will be paid from your annuity value, penalty free, for at least the first two years. Thereafter, for no less than four years, benefits will be reimbursed from the AnnuiCare® rider, providing six years or more of Long-Term Care benefits
5. Your AnnuiCare® policy will reimburse Long-Term Care expenses up to 100% of your Daily Maximum benefit for:
  - Home Health Care
  - Nursing Home Care
  - Homemaker Services
  - Assisted Living Facility Care
  - Personal Care Services
  - Hospice Services
  - Alternative Care Services
  - Respite Care
  - Adult Day Care (50% of Daily Maximum)

## THE LONG-TERM CARE BENEFIT IS DETERMINED BY YOUR ANNUITY VALUE.

*The daily average cost of care in your area should determine the annuity amount you choose.*

Initial Annuity Value	Total Long-Term Care Benefit	Daily Maximum Benefit
\$50,000	\$150,000	\$68.49
\$100,000	\$300,000	\$136.99
\$150,000	\$450,000	\$205.48

## AS YOUR ANNUITY VALUE GROWS, YOUR LONG-TERM CARE BENEFIT ALSO GROWS.

*Below is an example of a 65 year old who purchases a \$100,000 AnnuiCare® plan. The chart illustrates how the annuity value will grow based on the net interest credited. The minimum interest rate for the life of the policy is established on the policy date between 1% and 3% depending on U.S. Treasury rates as explained in the policy. As the annuity value grows, the Daily Maximum benefit grows at the same rate. This helps you meet the rising cost of Long-Term Care expenses. Withdrawals reduce the annuity value and benefit amounts proportionately.*

End of Contract Year	Annuity Value <sup>3</sup>	Daily Maximum Benefit
1	\$102,113	\$139.88
5	\$110,680	\$151.62
10	\$122,408	\$167.68
20	\$149,721	\$205.10

<sup>1</sup> U.S. Department of Health and Human Services - National Clearinghouse for Long-Term Care Information - "March 2008 Cost of Care Survey, Genworth Financial" - [www.longtermcare.gov](http://www.longtermcare.gov).

<sup>2</sup> Effective 1/1/2010, subject to the per diem maximum set by law, all benefit payments are tax free, and LTC premiums are paid with pre-tax dollars from your annuity. The premiums will reduce your cost basis which may result in additional taxes if you surrender or make withdrawals from your AnnuiCare® policy. GILICO does not give tax advice. Please consult your tax advisor for additional information.

<sup>3</sup> This illustration assumes no withdrawals or additions, an interest rate of 3%, and current long-term care monthly deductions.

### **What happens to my annuity if I never need Long-Term Care benefits?**

Your annuity will continue to earn tax-deferred interest. You may choose to receive your annuity value in a lump sum, periodic payments including a lifetime income, or it will be paid to your beneficiaries. **The Annuity Value will pass on to the beneficiaries as a death benefit, if not needed.**

### **How is Annuicare® different from other Long-Term Care insurance?**

Annuicare® combines the savings feature of a tax-deferred annuity with the protection of a traditional Long-Term Care policy. The annuity dollars you put aside for Long-Term Care are spent only if you need them, but not lost if you never use them for Long-Term Care.

### **Does Annuicare® pay for the same Long-Term Care services as a traditional Long-Term Care policy?**

Yes, it does! Annuicare® is intended to be Tax Qualified Long-Term Care insurance.

### **How do I qualify for Annuicare®?**

Annuicare® has a simplified underwriting process. After completing the application, ages 69 and younger will have a telephone interview with a registered nurse. If you are age 70 or older, the interview will be conducted in person at your convenience. No physical exam or lab work is needed. Underwriting is usually completed within three business days of your interview.

### **Can I buy Annuicare® with qualified money?**

You can buy Annuicare® with a qualified account such as an IRA. The qualified account is transferred into Annuicare®. Then over a five year period, the funds are distributed into the non-qualified annuity portion of the Annuicare® policy. You will receive a 1099 and will be taxed on the portion that is transferred each year, allowing you to spread the income tax over a five year period.

### **How does the Pension Protection Act of 2006 affect Annuicare®?**

Subject to the per diem maximum set by law, effective January 1, 2010, annuity value withdrawn to pay Tax Qualified Long-Term Care premiums is not taxed. All Annuicare® policies receive this tax benefit. That means: **Tax Free Premiums and Tax Free Long-Term Care Benefits.**

### **How do I qualify to receive Long-Term Care benefits from my Annuicare® policy?**

If you are unable to perform at least two of six Activities of Daily Living or have cognitive impairment requiring substantial supervision, you will qualify to receive benefits after a one time 90-day Deductible Period.

### **How long must the policy be in force before Long-Term Care benefits can be accessed?**

Claims may be filed beginning day one, and benefits may begin as soon as the 90-day Deductible Period is met.

## **Be sure to ask your agent for a personalized Annuicare® illustration.**



**GUARANTY**

Income Life Insurance Company

800.535.8110 / 225.383.0355

Fax: 225.343.1747

Web site: [www.gilico.com](http://www.gilico.com)

e-mail: [sales@gilico.com](mailto:sales@gilico.com)

*Important: This information is intended only as an overview of Annuicare® and does not include all terms, conditions, and rules of the contract. The policy has limitations and exclusions. This is not an application. To apply for Annuicare®, you must be presented with a personalized illustration, an Outline of Coverage, and other material required by the insurance laws of your resident state. Annuicare® is not approved for sale in all states. Annuicare® is a deferred annuity with a Long-Term Care rider underwritten by Guaranty Income Life Insurance Company, Baton Rouge, LA. Annuity forms are 1FPA-5 (TX 10/10), 1FPA-7 (TX 10/10), 1FPA-10 (TX 10/10), 1SP4-MVA-M (11/03), 1SP6-MVA-M (11/03) and 1SP8-MVA-M (11/03). Long-Term Care rider form is LTC-2E (TX 2/11).*



**GUARANTY**

Income Life Insurance Company

A subsidiary of GUARANTY CORPORATION

929 Government Street, Baton Rouge, LA 70802 \* P.O. Box 2231, Baton Rouge, LA 70821  
800.535.8110 / 225.383.0355

## **LONG-TERM CARE INSURANCE OUTLINE OF COVERAGE**

For Extended Long-Term Care Benefits Rider, LTC-2E (TX 2/11)

**CAUTION:** The issuance of this long-term care insurance policy is based upon Your responses to the questions on Your application. A copy of Your application was retained by You when You applied. If Your answers are incorrect or untrue, the company may have the right to deny benefits or rescind Your policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of Your answers are incorrect, contact the company at this address: 929 Government Street, Baton Rouge, LA 70802.

### **NOTICE TO BUYER**

**THIS POLICY MAY NOT COVER ALL OF THE COSTS ASSOCIATED WITH LONG-TERM CARE INCURRED BY THE POLICYHOLDER DURING THE PERIOD OF COVERAGE. THE POLICYHOLDER IS ADVISED TO REVIEW CAREFULLY ALL POLICY LIMITATIONS.**

#### **1. POLICY DESIGNATION.**

This policy is an individual policy of insurance.

#### **2. PURPOSE OF OUTLINE OF COVERAGE.**

This Outline of Coverage provides a very brief description of some of the important features of Your policy. This is not the insurance contract and only the actual policy provision will control the rights and obligations of the parties to it. The policy itself sets forth in detail those rights and obligations applicable to both You and Your insurance company. It is very important, therefore, that You **READ YOUR POLICY OR CERTIFICATE CAREFULLY.**

#### **3. TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED.**

The rider and the policy to which it is attached, may be returned, within 30 days after You receive them. Return them to the insurance agent through whom they were purchased or to Our Home Office at the address shown on Page 1. If the policy and rider are returned, We will cancel the contract and refund any premium paid.

The rider and the policy to which it is attached provide for a refund of the Long-Term Care Benefits Rider unearned premium upon the death of the Insured or upon the surrender of the rider or policy.

#### **4. MEDICARE SUPPLEMENT INSURANCE DISCLAIMER.**

**THIS IS NOT MEDICARE SUPPLEMENT COVERAGE.** If You are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the insurance company.

Neither Guaranty Income Life Insurance Company nor its agents represent Medicare, the federal government, or any state government.

#### **5. LONG-TERM CARE COVERAGE.**

Long-term care insurance is designed to provide coverage for necessary or medically necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community, or in the home. Coverage is provided for the benefits outlined in paragraph 6 of this subsection. The benefits described in paragraph 6 of this subsection may be limited by the limitations and exclusions in paragraph 7 of this subsection.

#### **6. BENEFITS PROVIDED BY THIS POLICY.**

**Benefits.** The rider reimburses expenses incurred to provide for Qualified Long-Term Care Services listed below up to the Benefit Limits shown in the Policy Specifications. To be eligible for benefits a Licensed Health Care Practitioner must certify that the Insured is Chronically Ill.

"Chronically Ill" or "Chronic Illness" means that the Insured has been certified, within the preceding 12 months, by a Licensed Health Care Practitioner as:

- a. Being unable to perform (without "Substantial Assistance" from another individual) at least two "Activities of Daily Living" for a period of at least 90 days due to a loss of functional capacity,
- b. Having a level of disability similar (as determined under regulations prescribed by the Secretary in consultation with the Secretary of Health and Human Services) to the level of disability described in (a), or
- c. Requiring "Substantial Supervision" to protect such individual from threats to health and safety due to "Severe Cognitive Impairment."

"Activities of Daily Living" mean six basic functional abilities which relate to the Insured's ability to live independently. They are bathing, continence, dressing, eating, toileting and transferring.

- a. **Bathing** means washing oneself by sponge bath or in either a tub or shower, including the task of getting into or out of the tub or shower.
- b. **Continence** means the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).
- c. **Dressing** means putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.
- d. **Eating** means feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.
- e. **Toileting** means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- f. **Transferring** means sufficient mobility to move into or out of a bed, chair or wheelchair or to move from place to place, either via walking, a wheelchair or other means.

"Severe Cognitive Impairment" means a loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's (i) short-term or long-term memory, (ii) orientation as to people, places, or time, and (iii) deductive or abstract reasoning.

"Substantial Assistance" means hands-on assistance and standby assistance.

"Substantial Supervision" means continual supervision (which may include cuing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect the severely cognitively impaired individual from threats to his or her health or safety (such as may result from wandering).

Most of the benefits provided by the rider are subject to a Deductible Period. The Deductible Period is the number of days for which benefits, which would otherwise be payable, are not payable. The Deductible Period is shown in the Policy Specifications.

Following the Deductible Period, if applicable, the rider pays benefits for the actual charges of covered services. However, benefits for any one day of covered service will not exceed the Daily Maximum for such benefit. The Daily Maximum does not apply to the expenses covered under the Care Planning, the Caregiver Training, and the Alternative Care Services Benefits. Furthermore, total benefits paid will not exceed the total Benefit Limit contained in the rider. These limits are shown in the Policy Specifications.



**Care Planning Benefit.** We will pay the expense incurred for Care Planning provided by a Licensed Health Care Practitioner to the extent that services are covered as Qualified Long-Term Care Services, but not to exceed the Care Planning Benefit per calendar year. The Care Planning Benefit is shown in the Policy Specifications.

The Deductible Period does not apply to this benefit, nor may this benefit be used to satisfy the Deductible Period. The benefit, however, is subject to all other conditions specified in the rider.

**Caregiver Training Benefit.** We will pay the expense incurred for the Care Training of the Primary Caregiver provided by a properly accredited medical or instructional institution or by an individual, such as a licensed Nurse, who is qualified to provide such training. Such Care Training shall be covered to the extent that it is covered as Qualified Long-Term Care Services. We will not pay more than the Caregiver Training Benefit shown in the Policy Specifications for all Care Training provided while the Insured is covered under the rider.

The Deductible Period does not apply to this benefit, nor may this benefit be used to satisfy the Deductible Period. The benefit, however, is subject to all other conditions specified in the rider.

**Adult Day Care Benefits.** Subject to the Deductible Period, We will pay the expense incurred for Adult Day Care during a Benefit Period, but not to exceed the Daily Maximum per day for Adult Day Care, nor the Benefit Limit.

The Daily Maximum per day for Adult Day Care and the Benefit Limit are shown in the Policy Specifications.

"Adult Day Care" means Qualified Long-Term Care Services provided by an Adult Day Care Center during any part of the day on less than a 24-hour basis. "Adult Day Care" and "Adult Day Care Center" are more fully defined in the rider.

**Home Health Care Benefits.** Subject to the Deductible Period, We will pay the expense incurred for Home Health Care during a Benefit Period, but not to exceed the Daily Maximum per day for Home Health Care, nor the Benefit Limit, to the extent that services are for Qualified Long-Term Care.

The Daily Maximum per day for Home Health Care and the Benefit Limit are shown in the Policy Specifications. This Daily Maximum applies to Homemaker Services, Hospice Services, Maintenance or Personal Care and Respite Care Benefits.

**Home Health Care Services** means medical or nonmedical services provided to ill, disabled or infirm persons in their residences. Such services may include homemaker services, assistance with activities of daily living, respite care services, case management services, and maintenance or personal care services.

**Homemaker Services Benefits.** Subject to the Deductible Period, We will pay the expense incurred for Homemaker Services during a Benefit Period, but not to exceed the Daily Maximum per day for Home Health Care, nor the Benefit Limit.

"Homemaker Services" means assistance with activities necessary to, or consistent with, the Insured's ability to remain in his or her residence, to the extent that such services are Qualified Long-Term Care Services. Such services must be provided by skilled or unskilled persons under the Insured's Plan of Care.

**Hospice Services Benefits.** Subject to the Deductible Period, We will pay the expense incurred for Hospice Services during a Benefit Period, but not to exceed the Daily Maximum per day for Home Health Care, nor the Benefit Limit.

"Hospice Services" means the services that are given to provide palliative care, alleviate the physical, emotional, social, and spiritual discomforts of the Insured who is in the terminal phases of life, and the supportive care given to the primary caregiver and the Insured's immediate family, to the extent that such services are Qualified Long-Term Care Services. Such services must be provided by skilled or unskilled persons under the Insured's Plan of Care.

**Respite Care Benefits.** We will pay the expense incurred for Respite Care up to 21 days per calendar year during a Benefit Period, but not to exceed the Daily Maximum per day for Home Health Care, nor the Benefit Limit. This benefit is not subject to the Deductible Period.

"Respite Care" means short term care provided in an institution, in the home, or in a community based program, that is designed to relieve the Primary Caregiver, to the extent that such services are Qualified Long-Term Care Services.

**Nursing Home Care Benefits.** Subject to the Deductible Period, We will pay the expense incurred by the Insured for Qualified Long-Term Care Services in a Nursing Home during a Benefit Period, but not to exceed the Daily Maximum per day for Nursing Home Care, nor the Benefit Limit.

The Daily Maximum per day for Nursing Home Care and the Benefit Limit are shown in the Policy Specifications. This Daily Maximum applies to Assisted Living Facility Benefits.

"Nursing Home" means a facility or distinctly separate part of a hospital or other institution which is licensed by the appropriate state licensing agency as a Nursing Home, if the state licenses such facilities. If the state does not license Nursing Homes, then the facility must meet the other criteria described in the rider.

**Assisted Living Facility Benefits.** Subject to the Deductible Period, We will pay the expense incurred by the Insured for Qualified Long-Term Care Services in an Assisted Living Facility during a Benefit Period, but not to exceed the Daily Maximum per day for Nursing Home Care, nor the Benefit Limit.

“Assisted Living Facility” means an entity licensed and operated as such pursuant to state and federal law.

An Assisted Living Facility known by another name such as “Adult Congregate Living Facility,” “Residential Care Facility” or “Hospice Services Facility” must otherwise meet the terms of this definition.

An Assisted Living Facility does not mean:

- a. any home, facility, or part thereof used primarily for rest;
- b. a home or facility for the aged or for the care of drug addicts or alcoholics; or
- c. a home or facility primarily used for the care and treatment of mental diseases or disorders, or custodial or educational care.

**Alternative Care Services Benefits.** Subject to the Deductible Period, We will pay the expense incurred by the Insured for Alternative Care Services during a Benefit Period, but not to exceed the Benefit Limit.

"Alternative Care Services" means Qualified Long-Term Care Services prescribed under a Plan of Care that are not covered under any other part of the rider, but which a Licensed Health Care Practitioner and We mutually agree would be appropriate to meet the Insured's long-term care needs. We will not unreasonably withhold Our agreement. These services must be provided as an alternative to services covered under other parts of the rider which would otherwise be required by the Chronically Ill Insured.

Except as provided below, Alternative Care Services may be provided in facilities or by organizations or persons, other than the Insured's Immediate Family, that do not otherwise meet the definitions of the rider. For example, the services may include, but are not limited to, forms of personal care assistance, additional safety equipment or devices and home delivered meals.

Alternative Care Services does not mean or include the services provided in an Adult Day Care Center, an Assisted Living Facility, a hospital, or a Nursing Home, nor the services provided by a Home Health Care Agency.

**Effect of Extended Long-Term Care Benefits Rider (LTC-2E (TX 2/11)) Payments on Policy Values.** Each rider benefit payment reduces the Accumulation Value and the Death Benefit of the policy to which it is attached by an equal amount.

## 7. LIMITATIONS AND EXCLUSIONS.

**Pre-existing Conditions.** The rider does not exclude pre-existing conditions.

**Ineligible Facilities or Providers.** Services provided by a facility or an agency that does not meet the rider definition for such facility or agency, except as provided under the Alternative Care Services Benefits are not covered by the rider. Services provided by unlicensed providers or by members of the Insured's Immediate Family are not covered by the rider.

**Ineligible Levels of Care.** Services that do not constitute Qualified Long-Term Care Services, as defined by the rider, are not covered by the rider.

**Exclusions and Exceptions.** The rider will not pay benefits for:

- a. Mental or nervous disorders; however, this shall not permit exclusion or limitations of benefits on the basis of the following:
  1. Alzheimer's disease or related disorders, where a clinical diagnosis of Alzheimer's disease by a physician licensed in this state, including history and physical, neurological, psychological and/or psychiatric evaluation, and laboratory studies, has been made to satisfy any requirement or demonstrable proof of organic disease or other proof under the coverage; or
  2. Biologically based brain diseases/serious mental illness, including schizophrenia, paranoid and other psychotic disorders, bipolar disorders (mixed, manic, and depressive); major depressive disorders (single episode or recurrent); and schizo-affective disorders (bipolar or depressive);
- b. Alcoholism and drug addiction;
- c. Illness, treatment, or medical condition arising out of any of the following:
  1. War or act of war, whether declared or undeclared;
  2. Participation in a felony, riot, or insurrection;
  3. Service in the armed forces or units auxiliary thereto;
  4. Suicide, attempted suicide, or intentionally self-inflicted injury;
  5. Aviation activity as a nonfare-paying passenger;
- d. Treatment provided in a governmental facility (unless otherwise required by law); benefits provided under Medicare or other governmental program (except Medicaid); and state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law; services performed by a member of the covered

person's immediate family and services for which no charge is normally made in the absence of insurance;

- e. Confinement or care received outside the United States; or
- f. Services provided by a facility or agency that does not meet the rider definition for such facility or agency.

**Limitations.** Benefits provided by the rider are limited to the lesser of incurred expenses or Daily Maximums shown in the Policy Specifications.

**While this rider is in effect, the value of the annuity policy to which it is attached may be used only for Qualified Long-Term Care premiums and benefits, and does not provide a cash surrender value or other money that can be paid, assigned or pledged as collateral for a loan or borrowed, except on a complete surrender or cancellation of this rider.**

THIS POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG-TERM CARE NEEDS.

## **8. RELATIONSHIP OF COST OF CARE AND BENEFITS.**

Because the costs of long-term care services will likely increase over time, You should consider whether and how the benefits of this plan may be adjusted.

Daily Maximums and Benefit Limits change based upon increases or decreases in the Accumulation Value of the policy as of the date benefit payments begin. The Benefit Limit for the Extended Long-Term Care Benefits Rider (LTC-2E (TX 2/11)) includes the Accumulation Value of the policy.

The Insured is guaranteed the option to increase benefit levels of the Long-Term Care Benefits Rider up to 5% annually, without evidence of insurability, by payment of additional policy and rider premiums as described in the rider. There is no charge for this option.

## **9. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE AND IS CONTINUED.**

**RENEWABILITY:** THIS POLICY IS GUARANTEED RENEWABLE. This means You have the right, subject to the terms of Your policy, to continue this policy as long as You pay Your premiums on time. Guaranty Income Life Insurance Company cannot change any of the terms of Your policy on its own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY.

**PREMIUM CHANGES ARE LIMITED:** We will **not** change Your premium rates due to a change in Your age or health. We may, upon 45 days written notice, change Your premium rates if We change the rates by the same percentage for all policies in the same Rating Class in Your state. Rate changes, if any, will be effective on the next policy anniversary date after such notice.

**WAIVER OF PREMIUM:** We will waive premiums for the Extended Long-Term Care Benefits Rider on a month-to-month basis after You have received 180 consecutive days of benefits for Nursing Home Care or Assisted Living Facility Care.

Your waiver of premiums will end when no benefit under the rider for Nursing Home Care or Assisted Living Facility Care is payable for 30 consecutive days.

We will require premium payments to resume beginning the next date premiums for the rider would otherwise be payable following the date waiver of premium ends.

Premiums for the rider will be permanently waived once the Accumulation Value of the policy to which the rider is attached is fully depleted as a result of deductions for rider premiums or benefits.

**10. ALZHEIMER'S DISEASE, OTHER ORGANIC BRAIN DISORDERS, AND BIOLOGICALLY BASED BRAIN DISEASES/SERIOUS MENTAL ILLNESS.**

The Policy provides coverage for insureds who meet the eligibility requirements explained above in paragraph 6 of this subsection because of a clinical diagnosis of Alzheimer's disease or related degenerative illnesses and illnesses involving dementia, or due to biologically based brain diseases/serious mental illnesses, including schizophrenia, paranoid and other psychotic disorders, bipolar disorders (mixed, manic, and depressive); major depressive disorders (single episode or recurrent); and schizo-affective disorders (bipolar or depressive). Any exclusion contained in the rider for mental disorders does not apply to these conditions.

## 11. PREMIUM.

The total annual premium for the rider is the following percentage of Your annuity's Accumulation Value at the time of each premium payment. The percentage is based on Your age at issue. The monthly premium is one-twelfth of the annual premium.

<u>M/F Issue Age</u>	<u>Without Nonforfeiture</u>	<u>With Nonforfeiture</u>
0 – 55	0.60%	0.69%
56	0.62%	0.73%
57	0.64%	0.76%
58	0.67%	0.80%
59	0.69%	0.83%
60	0.71%	0.87%
61	0.74%	0.91%
62	0.77%	0.94%
63	0.82%	1.01%
64	0.89%	1.08%
65	0.95%	1.15%
66	1.04%	1.23%
67	1.13%	1.31%
68	1.22%	1.39%
69	1.31%	1.47%
70	1.40%	1.55%
71	1.52%	1.66%
72	1.63%	1.77%
73	1.76%	1.88%
74	1.87%	1.99%
75	1.99%	2.10%
76	2.13%	2.25%
77	2.28%	2.40%
78	2.41%	2.55%
79	2.56%	2.70%
80	2.70%	2.85%
81	2.80%	2.94%
82	2.90%	3.04%
83	3.00%	3.16%
84	3.10%	3.24%
85	3.20%	3.36%

There is no charge for the inflation protection option to increase Your coverage. If You exercise any increase option, the additional premium is determined by Your age at issue, not at the age You elect the increase.

**Grace Period Notice.** We shall give You and the "designated third party," if any, a notice of any unpaid and due premium 30 days after such premium becomes due. The policy and this rider shall then continue in force for an additional 30 days after such notice has been given. Notice shall be considered to have been given to the "designated third party" 5 days after the date of Our mailing via first class United States mail, postage prepaid. If the premium is not paid by the end of the additional 30 day period, this contract shall then terminate without any value.

As used in this provision, the "designated third party," if any, is the person that You have named in a written designation to receive notices of impending lapses or terminations because of nonpayment of premium or reduction of cash values below this rider's minimum level.

**12. TEXAS DEPARTMENT OF INSURANCE'S CONSUMER HELP LINE.**

The prospective insured may call the Texas Department of Insurance's Consumer Help Line at 1-800-252-3439 for agent, company, and any other insurance information, and 1-800-599-SHOP to order publications related to long-term care coverage, and the Texas Department of Aging at 1-800-252-9240 to receive counseling regarding the purchase of long-term care or other health care coverage.

**13. DENIAL OF APPLICATION.**

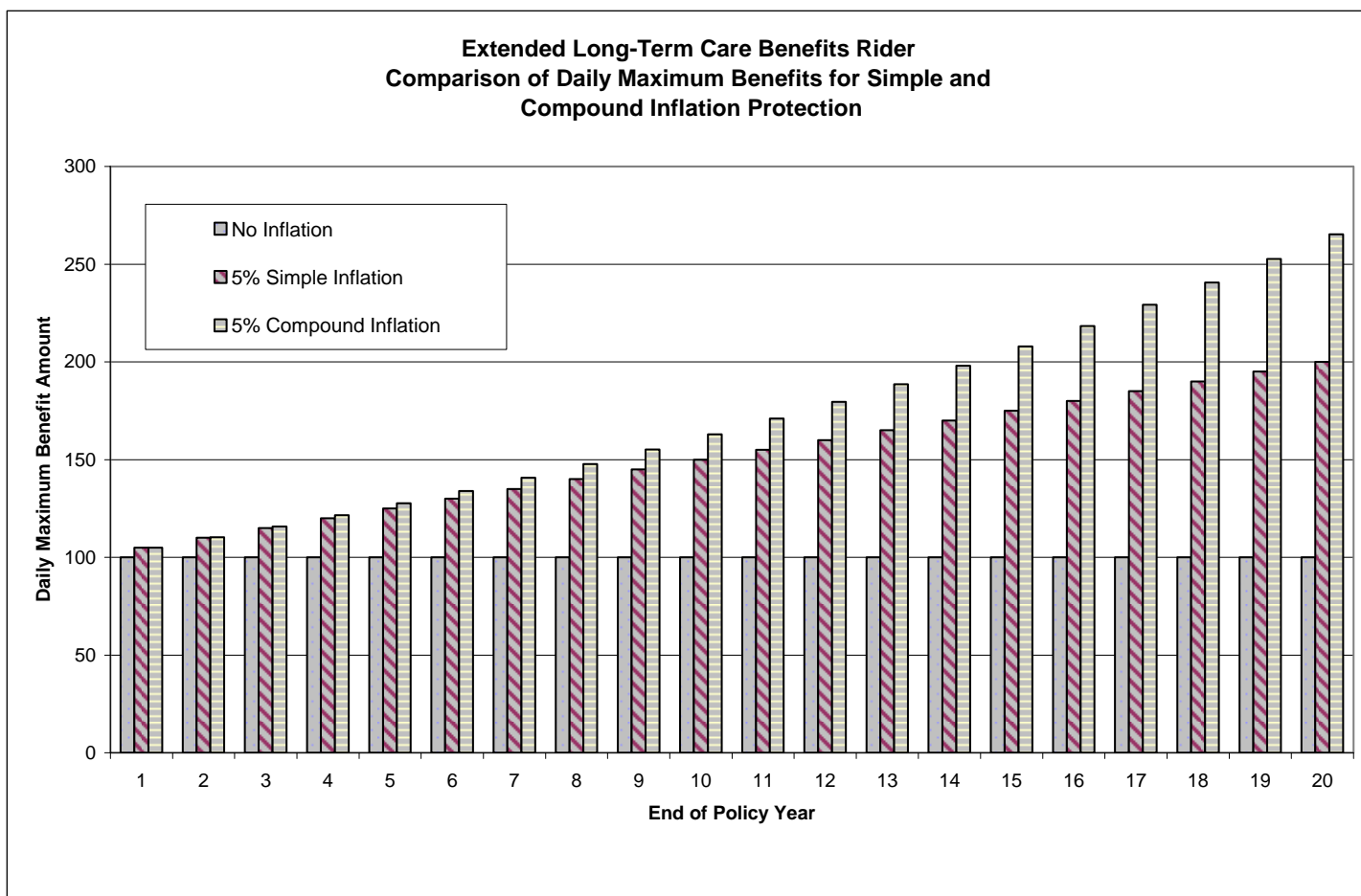
We will refund any premiums paid by a long-term care applicant within 30 days of denial of an application.



#### 14. OFFER OF INFLATION PROTECTION.

The Insured may elect the option to increase benefit levels of the Long-Term Care Benefits Rider up to 5% annually, without evidence of insurability, by payment of additional policy and rider premiums as described in the rider.

There is no charge for the inflation protection option to increase Your coverage. If You exercise any increase option, the additional premium is determined by Your age at issue, not at the age You elect the increase.



The long-term care Daily Maximum Benefit amount and the monthly premium are determined by the Accumulation Value of the annuity. There is no additional premium charge for Inflation Protection.

**15. OFFER OF NONFORFEITURE BENEFITS.**

The additional premium for the nonforfeiture benefit is shown in paragraph 11 of this subsection by age.

A numerical example of the nonforfeiture benefit is shown below.

Example of Nonforfeiture Benefit Limit  
(\$100 per day daily benefit)

Assuming policy lapsed after it has been in effect for three years.

Nonforfeiture is the Greater of:

<u>Issue Age</u>	<u>Total Premiums Paid for LTC</u>	<u>Shortened Benefit at \$100/day</u>
50	\$1,511	30 days
60	\$1,905	30 days
70	\$3,395	30 days
80	\$6,242	30 days

Policy must be in force at least three (3) years before lapse to have this coverage.

If You do not elect to pay additional premium for the nonforfeiture benefit, Your policy will provide a Contingent Nonforfeiture Benefit. This benefit, described fully in the “Long-Term Care Insurance Potential Rate Increase Disclosure Form,” allows You to continue coverage on a limited basis without increasing the amount You pay in the event of a “Substantial Premium Increase.”

**16. DISCLOSURE REGARDING FEDERAL TAX TREATMENT OF LONG-TERM CARE INSURANCE POLICY.**

**THIS POLICY IS INTENDED TO BE A QUALIFIED LONG-TERM CARE CONTRACT AS DEFINED BY THE INTERNAL REVENUE CODE OF 1986, SECTION 7702B(b). THERE MAY BE TAX CONSEQUENCES ASSOCIATED WITH THE PURCHASE OF A QUALIFIED LONG-TERM CARE INSURANCE CONTRACT, SUCH AS THE TAX DEDUCTIBILITY OF PREMIUMS AND THE EXCLUSION FROM TAXABLE INCOME OF BENEFITS. THE PROSPECTIVE INSURED IS URGED TO CONSULT WITH A QUALIFIED TAX ADVISOR.**

**17. ADDITIONAL FEATURES.**

Medical underwriting is required.

**Reinstatement.** If the policy to which this rider is attached is reinstated, then this rider may also be reinstated. The reinstatement of this rider shall be subject to evidence of good health and insurability satisfactory to Us. The reinstated rider will only provide benefits for care or

confinements which occur after the date of reinstatement and will be subject to all conditions in the rider.

If, however, You were Chronically Ill when this rider lapsed or at any time during the 65 day grace period and, if the reinstatement is requested within 5 months after the date of the lapse, then in lieu of submitting evidence of good health and insurability, this rider may be reinstated by submitting to Us a statement from a Licensed Health Care Practitioner certifying that You are Chronically Ill as defined by this rider. The reinstated rider will provide benefits for care or confinements which occur after the date of the lapse and will be subject to all conditions in the rider not inconsistent herewith.

**LONG-TERM CARE BENEFITS RIDER  
OUTLINE OF COVERAGE TABLE**

Proposed Insured: \_\_\_\_\_

Date: \_\_\_\_\_

Age: \_\_\_\_\_ Sex: \_\_\_\_\_

Proposed Initial Annuity Amount..... \$ \_\_\_\_\_

\* The Sample Benefits printed below are based upon \$100,000 Initial Annuity Amount.

LTC Rate..... (x) \_\_\_\_\_

\*\* Your Proposed Benefits are  % of the Sample Benefits.

Initial LTC Annual Premium ..... \$ \_\_\_\_\_

	Extended Long-Term Care Benefits Rider - LTC-2E (TX 2/11)	
	*Sample	**Your Proposed Benefits
DEDUCTIBLE PERIOD — 90 DAYS (Does not apply to Care Planning, Caregiver Training or Respite Care Benefits.)		
LIFETIME BENEFIT — \$500.00 Caregiver Training Benefit		
ANNUAL BENEFIT — \$500.00 Care Planning Benefit		
=DAILY MAXIMUMS (Does not apply to Care Planning, Caregiver Training or Alternative Care Benefits.)		
Adult Day Care .....	\$ 68.50	\$ _____
Home Health Care .....	\$ 137.00	\$ _____
(Includes Homemaker Services, Hospice Services, Maintenance or Personal Care and Respite Care. Respite Care is limited to a maximum of 21 days per calendar year.)		
Nursing Home Care .....	\$ 137.00	\$ _____
(Includes Assisted Living Facility.)		
=BENEFIT LIMIT .....	\$ 300,000.00	\$ _____

The first year monthly premium will be one twelfth (1/12<sup>th</sup>) of the Initial Long-Term Care Annual Premium. Monthly premiums and benefit amounts for subsequent policy years will be determined as provided by the rider(s). Monthly premiums will be deducted from the Accumulation Value of the Policy.

= Daily Maximums and Benefit Limits change based upon increases or decreases in the Accumulation Value of the Policy. The Benefit Limit for LTC includes the Accumulation Value of the Policy.

## FOR THE STATE OF TEXAS

### Long-Term Care Insurance Potential Rate Insurance Disclosure Form

Guaranty Income Life Insurance Company  
929 Government Street  
Baton Rouge, LA 70802  
800.535.8110 / 225.383/0355

1. Premium rate that is applicable to you and that will be in effect until a request is made and filed with the Texas Department of Insurance for an increase is (\$\_\_\_\_\_) shown on the application. The premium for this coverage will be shown on the schedule page of your policy.
2. If your rates are changed, the new rates will become effective on the next anniversary date. The new rates will remain in effect until another request is made and filed with the Texas Department of Insurance. You have the right to receive a revised premium rate if the premium is changed.
3. This long-term care coverage is Guaranteed Renewable. This means that the rates for this coverage may be increased in the future. Your rates CANNOT be increased due to your increasing age or declining health, but your rates may go up based on the experience of all insureds with a policy similar to yours.
4. If you receive a premium rate increase in the future, you will be notified of the new premium amount and you will be able to exercise at least one of the following options:
  - (a) Pay the increased premium and continue your coverage in force as is.
  - (b) Reduce your coverage benefits to a level such that your premiums will not increase.
  - (c) Exercise your long-term care nonforfeiture option, if purchased. This option is available for purchase for an additional premium.
  - (d) Exercise your contingent nonforfeiture rights – See No. 5. This option is available if you do not purchase a long-term care nonforfeiture option mentioned in (c) above.
5. Contingent Nonforfeiture Rights

If the premium rate for your policy goes up in the future and you do not buy a long-term care nonforfeiture option, you may be eligible for contingent nonforfeiture. Here's how to tell if you are eligible:

  - (a) You will keep some long-term care insurance coverage, if:

(1) Your premium after the increase exceeds your original premium by the percentage shown, or more, in the table provided on the next page; and

(2) You do not pay your premium within 120 days of the increase causing your policy to lapse.

(b) The amount of coverage, new lifetime maximum benefit amount, etc., you will keep will equal the total amount of premiums you have paid since your policy was first issued. If you have already received benefits under the policy, so that the remaining maximum benefit amount is less than the total amount of premiums you have paid, the amount of coverage will be that remaining amount.

(c) Except for this reduced lifetime maximum benefit amount, all other policy benefits will remain at the levels attained at the time of the lapse and will not increase thereafter.

Should you choose this Contingent Nonforfeiture option, your policy, with this reduced maximum benefit amount, will be considered “paid-up” with no further premiums due.

**Example:**

- You bought the policy at age 65 and paid the \$1,000 annual premium for ten years, so you have paid a total of \$10,000 in premium.
- In the eleventh year, you receive a rate increase of 50%, or \$500 for a new annual premium of \$1,500, and you decide to not pay any more premiums causing your policy to lapse.
- Your “paid-up” policy benefits are \$10,000, provided you have at least \$10,000 of benefits remaining under your policy.

**Contingent Nonforfeiture Cumulative Premium Increase over  
Initial Premium That Qualifies for Contingent Nonforfeiture Table**

Percentage increase is cumulative from date of original issue. It does NOT represent a one-time increase.

Issue Age	Percent Increase Over Initial Premium
29 and under	200%
30-34	190%
35-39	170%
40-44	150%
45-49	130%
50-54	110%
55-59	90%
60	70%
61	66%
62	62%
63	58%
64	54%
65	50%
66	48%
67	46%
68	44%
69	42%
70	40%
71	38%
72	36%
73	34%
74	32%
75	30%
76	28%
77	26%
78	24%
79	22%
80	20%
81	19%
82	18%
83	17%
84	16%
85	15%
86	14%
87	13%
88	12%
89	11%
90 and over	10%

6. Fixed or Limited Premium Payment Period

In addition to the contingent nonforfeiture benefits described above, the following reduced “paid-up” contingent nonforfeiture benefit is an option in all policies or certificates that have a fixed or limited premium payment period, even if you selected a nonforfeiture benefit when you bought the policy. If both the reduced “paid-up” benefit AND the contingent nonforfeiture benefit described above are triggered by the same rate increase, you can choose either of the two benefits.

You are eligible for the reduced “paid-up” contingent nonforfeiture benefit when all three conditions shown below are met:

- (a) The premium you are required to pay after the increase exceeds your original premium by the same percentage or more shown in the chart below;

<u>Triggers for a Substantial Premium Increase</u>	
<u>Issue Age</u>	<u>Percent Increase Over Initial Premium</u>
Under 65	50%
65 - 80	30%
Over 80	10%

- (b) You stop paying your premiums within 120 days of when the premium increase took effect; AND

- (c) The ratio of the number of months you already paid premium is 40% or more than the number of months you originally agreed to pay.

If you exercise this option, your coverage will be converted to reduced “paid-up” status. That means there will no additional premiums required. Your benefits will change in the following ways:

- (1) The total lifetime amount of benefits your reduced paid up policy or certificate will provide can be determined by multiplying 90% of the lifetime benefit amount at the time the policy or certificate becomes paid up by the ratio of the number of months you already paid premiums to the number of months you agreed to pay them.

- (2) The daily benefit amounts you purchased will also be adjusted by the same ratio.

If you purchased lifetime benefits, only the daily benefit amounts you purchased will be adjusted by the applicable ratio.



**Example:**

- You bought the policy or certificate at age 65 with an annual premium payable for 10 years.
- In the sixth year, you receive a rate increase of 35% and you decide to stop paying premiums.
- Because you have already paid 50% of your total premium payments and that is more than the 40% ratio, your “paid-up” policy or certificate benefits are .45 (.90 times .50) times the total benefit amount that was in effect when you stopped paying your premiums. If you purchased inflation protection, it will not continue to apply to the benefits in the reduced “paid-up” policy or certificate.



## **HIPAA NOTICE OF PRIVACY PRACTICES FOR PERSONAL HEALTH INFORMATION**

### **EFFECTIVE DATE**

This Notice of Privacy Practices is effective April 14, 2003.

### **THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.**

The terms of this Notice of Privacy Practices apply to  
Guaranty Income Life Insurance Company  
operating as an affiliated covered entity with  
exclusive third party administrators  
Long-Term Care Group, Inc.  
and  
Dental Management Corporation, Inc.

You have received this Health Information Privacy Notice because you have applied for or have long-term care or dental insurance coverage with Guaranty Income Life Insurance Company ("GILICO").

### **OUR PLEDGE REGARDING MEDICAL INFORMATION**

We understand that medical information about you and your health is personal. We are committed to protecting personal health information about you. This notice will tell you about the ways in which we may use and disclose medical information about you. We also describe your rights and certain obligations we have regarding the use and disclosure of personal health information.

We are required to provide you with this Notice in accordance with federal health privacy regulations that were issued as a result of the Health Insurance Portability and Accountability Act ("HIPAA").

We are required by law to:

- make sure that health information that identifies you is kept private;
- give you this notice of our legal duties and privacy practices with respect to health information about you; and
- follow the terms of the notice that is currently in effect.

We reserve the right to change the terms of this Notice of Privacy Practices as necessary and to make the new Notice effective for all personal health information maintained by us. Copies of revised notices will be mailed to all health plan members then covered by the plan.

As a health plan member you have the right to obtain a paper copy of this Notice of Privacy Practices, even if you have requested such copy by e-mail or other electronic means. Copies may be obtained by mailing a written request to the Privacy Official identified at the end of this notice.

## USES AND DISCLOSURES OF YOUR MEDICAL INFORMATION

**Your Authorization.** Except as outlined below, we will not use or disclose your personal health information for any purpose unless you have signed a form authorizing the use or disclosure. You have the right to revoke that authorization in writing unless we have taken any action in reliance on the authorization.

**Uses and Disclosures for Payment.** We will make uses and disclosures of your personal health information as necessary for payment purposes. For instance, we may use information regarding your medical procedures and treatment to process and pay claims, to determine whether services are medically necessary or to otherwise pre-authorize or certify services as covered under your health benefits plan. We may also forward such information to another health plan which may also have an obligation to process and pay claims on your behalf.

**Uses and Disclosures for Health Care Operations.** We will use and disclose your personal health information as necessary, and as permitted by law, for our health care operations which include credentialing health care providers, peer review, business management, accreditation and licensing, utilization review and management, quality improvement and assurance, enrollment, underwriting, reinsurance, compliance, auditing, rating, and other functions related to your health benefits plan.

**Family and Friends Involved In Your Care.** With your approval, we may from time to time disclose your personal health information to designated family, friends, and others who are involved in your care or in payment for your care in order to facilitate that person's involvement in caring for you or paying for your care. If you are unavailable, incapacitated, or facing an emergency medical situation, and we determine that a limited disclosure may be in your best interest, we may share limited personal health information with such individuals without your approval. If you have designated a person to receive information regarding payment of the premium on your policy, we will inform that person when your premium has not been paid. We may also disclose limited personal health information to a public or private entity that is authorized to assist in disaster relief efforts in order for that entity to locate a family member or other persons that may be involved in some aspect of caring for you.

**Business Associates.** Certain aspects and components of our services may be performed through contracts with outside persons or organizations, such as auditing, accreditation, actuarial services, legal services and third party administration for underwriting, claims administration and care management, etc. At times it may be necessary for us to provide certain of your personal health information to one or more of these outside persons or organizations who assist us with our health care operations. In all cases, we require these business associates to appropriately safeguard the privacy of your information.

**Communications With You.** We may communicate with you regarding your claims, premiums, or other things connected with your health plan. You have the right to request and we will accommodate reasonable requests by you to receive communications regarding your personal health information from us by alternative means or at alternative locations. For instance, if you wish messages to not be left on voice mail or sent to a particular address, we will accommodate reasonable requests. You may request such confidential communication in writing and may send your request to the Privacy Official identified at the end of this notice.

**Other Health-Related Products or Services.** We may, from time to time, use your personal health information to determine whether you might be interested in or benefit from treatment alternatives or other health-related programs, products or services which may be available to you as a member of the health plan. For example, we may use your personal health information to identify whether you have a particular illness, and contact you to advise you that a disease management program to help you manage your illness better is available to you as a health plan member. We will not use your information to communicate with you about products or services which are not health-related without your written permission. You also have the right to request that we not send you any future marketing materials and we will use our best efforts to honor such request. You may make the request by sending your name and address to the Privacy Official identified at the end of this notice with your request to be removed from our marketing mailing lists.

**Information Received Pre-enrollment.** We may request and receive from you and your health care providers personal health information prior to the issuance of a policy to you. We will use this information to determine whether you are eligible for a policy and to determine your rates. We will protect the confidentiality of that information in the same manner as all other personal health information we maintain and, if the policy is not issued, we will not use or disclose the information that we obtained about you for any other purpose.

**Research.** In limited circumstances, we may use and disclose your personal health information for research purposes. For example, a research organization may wish to compare outcomes of patients by payer source and will need to review a series of records that we hold. In all cases where your specific authorization has not been obtained, your privacy will be protected by strict confidentiality requirements applied by an Institutional Review Board or privacy board which oversees the research or by representations of the researchers that limit their use and disclosure of member information.

**Other Uses and Disclosures.** We are permitted or required by law to make certain other uses and disclosures of your personal health information without your authorization.

- We may release your personal health information for any purpose required by law;
- We may release your personal health information for public health activities, such as required reporting of disease, injury, and birth and death, and for required public health investigations;
- We may release your personal health information as required by law if we suspect child abuse or neglect; we may also release your personal health information as required by law if we believe you to be a victim of abuse, neglect, or domestic violence;
- We may release your personal health information to the Food and Drug Administration if necessary to report adverse events, product defects, or to participate in product recalls;
- We may release your personal health information to your plan sponsor; provided, however, your plan sponsor must certify that the information provided will be maintained in a confidential manner and not used for employment related decisions or for other employee benefit determinations or in any other manner not permitted by law.
- We may release your personal health information if required by law to a government oversight agency conducting audits, investigations, or civil or criminal proceedings;
- We may release your personal health information if required to do so by a court or administrative ordered subpoena or discovery request; in most cases you will have notice of such release;
- We may release your personal health information to law enforcement officials as required by law to report wounds and injuries and crimes;
- We may release your personal health information to coroners and/or funeral directors consistent with law;
- We may release your personal health information for certain research purposes when such research is approved by an institutional review board with established rules to ensure privacy;
- We may release your personal health information if you are a member of the military as required by armed forces services; we may also release your personal health information if necessary for national security or intelligence activities; and
- We may release your personal health information to workers' compensation agencies if necessary for your workers' compensation benefit determination.

## RIGHTS THAT YOU HAVE

**Access to Your Personal Health Information.** You have the right to copy and/or inspect much of the personal health information that we retain on your behalf. All requests for access must be made in writing and signed by you or your legal representative. We may charge a minimum fee to cover our costs for supplies, labor and postage. You may request access to your personal health information by contacting our Customer Service Department at (800) 535-8110.

**Amendments to Your Personal Health Information.** You have the right to request in writing that personal health information that we maintain about you be amended or corrected. We are not obligated to make all requested amendments but will give each request careful consideration. All amendment requests, in order to be considered by us, must be in writing, signed by you or your legal representative, and must state the reasons for the amendment/correction request. If an amendment or correction you request is made by us, we may also notify others who work with us and have copies of the uncorrected record if we believe that such notification is necessary. You may request amendments to your personal health information by contacting our Customer Service Department at (800) 535-8110.

**Accounting for Disclosures of Your Personal Health Information.** You have the right to receive an accounting of certain disclosures made by us of your personal health information after April 14, 2003. You may request an accounting of the types of disclosures as described above under the title "Other Uses and Disclosures" except for disclosures made for national security or intelligence purposes. Requests must be made in writing and signed by you or your representative. You may request an accounting for disclosure of your personal health information by contacting our Customer Service Department at (800) 535-8110. The first accounting in any 12-month period is free. You may be charged a fee of \$20.00 for each subsequent accounting you request within the same 12-month period.

**Restrictions on Use and Disclosure of Your Personal Health Information.** You have the right to request restrictions on certain of our uses and disclosures of your personal health information for treatment, payment, or health care operations by notifying us of your request for a restriction in writing mailed to **Guaranty Income Life Insurance Company, P. O. Box 2231, Baton Rouge, Louisiana 70821**. Your request must describe in detail the restriction you are requesting. We are not required to agree to your restriction request but will attempt to accommodate reasonable requests when appropriate and we retain the right to terminate an agreed-to restriction if we believe such termination is appropriate. In the event of a termination by us, we will notify you of such termination. Also, should you wish to terminate a request that has been accommodated, such termination request must also be in writing and sent to the same address listed above.

**Complaints.** If you believe your privacy rights have been violated, you can file a written complaint with Privacy Official, Guaranty Income Life Insurance Company, P.O. Box 2231, Baton Rouge, Louisiana 70821. You may also file a complaint with the Secretary of the U.S. Department of Health and Human Services in Washington D.C. in writing within 180 days of a violation of your rights.

**You will not be penalized for filing a complaint.**

## FOR FURTHER INFORMATION

If you have questions or need further assistance regarding this Notice or GILICO's privacy practices, you may contact the Privacy Official for our organization:

Guaranty Income Life Insurance Company  
ATTN: Privacy Official  
P.O. Box 2231  
Baton Rouge, Louisiana 70821  
(800) 535-8110

# THINGS YOU SHOULD KNOW BEFORE YOU BUY LONG-TERM CARE INSURANCE

## LONG-TERM CARE INSURANCE

A long-term care insurance policy may pay most of the costs for your care in a nursing home. Many policies also pay for care at home or other community settings. Since policies can vary in coverage, you should read this policy and make sure you understand what it covers before you buy it.

**You should not buy this insurance policy unless you can afford to pay the premiums every year. Remember that the company can increase premiums in the future.**

The personal worksheet includes questions designed to help you and the company determine whether this policy is suitable for your needs.

## MEDICARE

Medicare does **not** pay for most long-term care.

## MEDICAID

Medicaid will generally pay for long-term care if you have very little income and few assets. You probably should **not** buy this policy if you are now eligible for Medicaid.

Many people become eligible for Medicaid after they have used up their own financial resources by paying for long-term care services.

When Medicaid pays your spouse's nursing home bills, you are allowed to keep your house and furniture, a living allowance, and some of your joint assets.

Your choice of long-term care services may be limited if you are receiving Medicaid. To learn more about Medicaid, contact your local or state Medicaid agency at 1-800-252-8263 or call 211.

## SHOPPER'S GUIDE

Make sure the insurance company or agent gives you a copy of a booklet entitled "**Long-Term Care Insurance**" published by the Texas Department of Insurance. Read it carefully. If you have decided to apply for long-term care insurance, you have the right to return the policy within 30 days and get back any premium you have paid if you are dissatisfied for any reason or choose not to purchase the policy.

## COUNSELING

The Texas Health Information Counseling and Advocacy Program (HICAP) offers free one-to-one counseling services, concerning whether long-term care insurance is a suitable option for you, that can be accessed through the toll free number 1-800-252-9240. For insurance agent, insurance company and any other long-term care insurance information, you may call the Consumer Help Line of the Texas Department of Insurance at 1-800-252-3439.

## FACILITIES

Some long-term care insurance contracts provide for benefit payments in certain facilities only if the facilities are licensed or certified, such as in assisted living centers. However, not all states regulate these facilities in the same way. Also, many people move into a different state from where they purchased their long-term care insurance policy. Read the policy carefully to determine what types of facilities qualify for benefit payments and to determine that payment for a covered service will be made if you move to a state that has a different licensing scheme for facilities than the one in which you purchased the policy.

# A Shopper's Guide to **Long-Term Care** Insurance



Published by the  
**Texas Department of Insurance**  
April 2011



## **Getting Help from TDI**

If you believe an insurance company has treated you unfairly, first contact your company and try to resolve the problem. Most companies operating in Texas are required to have a toll-free telephone line to provide customer assistance. The number should be listed in your policy.

If you are unable to resolve the problem yourself, you can file a complaint with TDI. There are several ways to file a complaint:

- on our website at **[www.tdi.state.tx.us/consumer/complfrm.html](http://www.tdi.state.tx.us/consumer/complfrm.html)**
- by e-mail at **[ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)**
- by fax at **512-475-1771**
- by mail at

### **Texas Department of Insurance**

**Consumer Protection (111-1A)**

P.O. Box 149091

Austin, TX 78714-9091





**L**ONG-TERM CARE IS A TYPE OF PERSONAL CARE SERVICE you may need if you are unable to care for yourself because of a physical illness, a disability, or a cognitive impairment, such as Alzheimer's disease.

Long-term care is different from traditional medical care that tries to treat or cure illnesses. Long-term care helps you keep your current lifestyle, but it may not improve or fix your medical problems. You can receive care at home or in a hospice, adult day care center, nursing home, or assisted living facility.

If you have an illness or disability, you may need assistance with your normal daily activities, such as eating or getting around. If you are cognitively impaired, you may need supervision, protection, or reminders to take medicines or perform other activities. Long-term care may also include services to evaluate your overall needs.

### Types of Care

There are two types of long-term care services.

- **Skilled care** is for conditions that require a medical professional, such as a nurse or a therapist. This type of care is usually provided in a nursing home or other care center.
- **Personal care** (sometimes called custodial care) helps you carry out normal daily activities, like bathing, eating and moving around. Personal care is less involved than skilled care, and it may be provided in many places.

### The Cost of Long-Term Care

Long-term care can be expensive. The cost depends on the amount and type of care you need, where you receive it, and what type of medical professional provides it. On average in Texas, it costs about:

- \$3,000 per month to live in an assisted living center
- \$190 per day for a private room in a nursing home
- \$40 a day for adult day care
- \$20 a day for a home health aide

A long-term care policy's daily nursing home benefits may range from \$50 to \$250 per day. To find out how much coverage you might need, call local nursing homes, home health care agencies, and adult day care centers and ask about their cost for daily care. Keep in mind that costs will likely increase as you get older.

### Paying for Long-Term Care

People pay for long-term care in a variety of ways, including:

- Medicaid
- Medicare
- Long-term care insurance policy
- With their own money

**Medicaid** pays most long-term care expenses for eligible individuals with low incomes. Medicaid is a state and federal assistance program.

To qualify for Medicaid, you must meet state and federal guidelines for income and assets. Many people pay for long-term care with their own money until they



become eligible for Medicaid. To learn more about Medicaid eligibility, call your local Area Agency on Aging or Texas Health and Human Services Commission office. A list of phone numbers is included on the inside back cover of this publication.

**Medicare** may pay some long-term care costs. Medicare is a federal program that pays for health care for people over age 65 and for people under age 65 with disabilities. It covers the cost of some skilled care in nursing homes or possibly in your home. Medicare might also pay for some non-medical care in your home if you are receiving skilled care.

### **Deciding if Long-Term Care Insurance is Right for You**

Long-term care insurance can help protect your assets against the high cost of extended long-term care. However, long-term care insurance usually only makes sense if you have significant assets to protect other than your home, car, and a small amount of cash.

Long-term care insurance is probably not a good idea if you have trouble stretching your income to pay for utilities, food, or medicine. If you don't have significant assets, you may have to pay for your care out of pocket until you exhaust, or spend down, your assets enough to qualify for Medicaid.

To determine whether long-term care insurance is right for you, consider your personal risk factors, assets, income, costs, and available alternatives. You can also use the *Long-Term Care Insurance Suitability Worksheet* in the back of this publication to help you decide.

Agents are required to provide you with a worksheet and list of things you should know before you buy to help you decide if long-term care insurance is right for you.

#### **Personal 'Risk Factors'**

The following factors might affect your likelihood of needing long-term care:

- **Life expectancy.** The longer you live, the more likely it is that you will need long-term care. Consider whether your family has a tendency for long life expectancy.
- **Gender.** Women may need long-term care insurance more than men because they generally live longer.
- **Your family situation.** If you have a spouse, adult children, or other family members who can care for you at home, you might not need some types of long-term care services.
- **Family health history.** You may have a greater need for long-term care if chronic or debilitating health conditions run in your family.



## Financial Considerations

Long-term care is typically less expensive if you purchase it when you're younger. You may want to seek help from a trusted financial advisor to decide if it meets your needs. Consider the following questions about your personal financial situation:

- What are my assets (not including my home, car, and \$2,000 cash)? Will they change over the next 10 to 20 years? Are my assets large enough to justify the expense of a long-term care policy?
- What is my current annual income? Will it change over the next 10 to 20 years? Will I be able to afford the policy if my income decreases or if the policy premiums increase significantly?
- If I retire, how will retirement affect my ability to pay premiums?
- How much does the policy cost? Will I pay the premiums from my income, savings, or investments? Will my family contribute toward the cost?
- Will I be able to pay for charges in excess of the policy's daily benefit amounts and for other expenses if I'm in a long-term care facility for an extended time?
- When should I consider purchasing a policy? How much will the policy premium increase if I wait to purchase a policy?

If you decide you want to buy a policy, use the *Long-Term Care Insurance Policy Comparison Worksheet* in the back of this publication to compare companies and coverages before you purchase a policy.

## Qualified and Non-Tax Qualified Policies

### Tax-Qualified Long-Term Care Policies

You may be able to deduct part of the premium you pay for a tax-qualified long-term care policy from your taxes as a medical expense. In addition, you are generally not required to claim your qualified long-term care policy benefits as taxable income. However, in the case of an indemnity policy, you might have to pay taxes on any benefits the policy pays above costs that pay for care.

All policies sold before January 1, 1997, are automatically tax-qualified and policies sold later are either tax-qualified or non-tax-qualified. To determine whether your policy is tax-qualified, look for a statement on your policy similar to this: "This policy is intended to be a qualified long-term care insurance contract as defined by the Internal Revenue Code of 1986, Section 7702B(b)."

Consult with an attorney, accountant, or tax advisor about how purchasing a long-term care insurance policy will affect your taxes.

To claim a tax deduction for long-term care premium payments, your out-of-pocket medical expenses, including premiums, must be more than 7.5 percent of your adjusted gross income. The maximum amount of long-term care premium you can deduct depends on your age at the end of each tax year.



### Maximum Long-Term Care Premium Deductions, 2011\*

AGE	MAXIMUM ALLOWABLE DEDUCTION
<b>40 or younger</b>	\$340
<b>41 to 50</b>	\$640
<b>51 to 60</b>	\$1,270
<b>61 to 70</b>	\$3,390
<b>71 or older</b>	\$4,240

\*Maximum deduction amounts change annually

### Texas Long-Term Care Partnership Program Policies

Texas implemented the Long-Term Care Partnership Program to educate Texans about planning for their long-term care needs. The partnership is a joint effort between private insurers and the state. Insurers must follow state and federal guidelines and agents must complete training to sell partnership policies.

Partnership policies have an asset disregard benefit that is useful if you need to apply for Medicaid assistance to pay for long-term care expenses. Partnership policies, however, do not guarantee you'll be accepted into Medicaid. You'll still have to meet income, medical, and other eligibility criteria.

With the asset disregard benefit, every dollar of long-term care benefits your partnership policy pays will equal one dollar of countable assets that will be disregarded to determine if you're eligible for Medicaid assistance. This means you can retain assets above the normal limit and you won't need to spend down your assets to qualify for Medicaid. In addition, the assets that were disregarded in the Medicaid eligibility process will not be subject to Medicaid liens and recoveries after you die.

In addition to asset disregard, long-term care partnership policies must also include the following benefits:

**Inflation protection.** Inflation protection helps your policy continue to pay long-term care benefits as costs rise. Partnership policies provide different levels of inflation protection based on your age:

- **Under 61 years old:** The insurer is required to offer you the option to purchase 5 percent compound annual inflation protection. You can choose to purchase protection at a lower rate, but you must have some type of compound inflation protection. Upon attaining 61 years of age, you can change the inflation protection provision to meet the requirements of the next age bracket.
- **Ages 61 to 76:** You must purchase and keep some form of inflation protection until you are 76 years old.
- **After age 76:** Insurers must offer inflation protection, but you don't have to purchase or keep it.

If you're considering a long-term care policy, ask your insurance company or agent if a partnership policy meets your needs. If you purchased a long-term care policy on or after February 8, 2006, ask your agent about exchanging your policy for a partnership policy.



**Note:** Partnership policies will come with a disclosure statement identifying the policy as a long-term care partnership policy. Be aware that if you make any changes to your partnership policy, you could lose your partnership policy status. Your agent can tell you what changes will result in a status change.

### **Moving to another state**

Texas participates in a national reciprocity agreement with other states to honor the terms of your partnership policy. If you move to a state that participates in the reciprocity agreement, the new state will honor your partnership policy. Be careful basing your decision to purchase a partnership policy on reciprocity with other states because states can start or stop the reciprocity agreement at any time. For a list of participating states, visit [www.OwnYourFutureTexas.org](http://www.OwnYourFutureTexas.org). If you move to another state, you will also need to meet all the Medicaid requirements for your new state of residence.

### **Non-Tax-Qualified Long-Term Care Policies**

Premiums for non-tax-qualified long-term care policies are not tax deductible. In addition, you might have to pay taxes on any benefits the policy pays above costs that pay for care.

### **Qualifying to Purchase Coverage**

Companies selling long-term care insurance underwrite their coverage. That means they look at your health status and history and will sell you a policy only if you meet their guidelines.

Some companies ask only a few questions about your health. Others may ask for more details, examine your medical records, ask for a health statement from your doctor, or require you to take a medical exam. Answer all health questions truthfully and thoroughly. If a company later learns you gave incomplete or false information on your application, it could cancel your policy or refuse to pay your claim.

When you apply for insurance, the insurance agent will complete a personal worksheet with you to determine if a long-term care policy is right for you. Answer all questions truthfully and thoroughly. The agent will also give you the company's long-term care premium rate increase history for the past 10 years. An insurance company can increase your premium rates in the future, but only if it increases the rates for policies similar to yours.

### **Replacing a Policy**

If you're considering replacing a long-term care policy, compare all of your current policy's benefits to any new policy you are considering. Policies issued prior to 1992 might have fewer or more restricted benefits than a newer policy.

Remember that a new policy with better benefits may cost significantly more than your current policy. In addition, if you bought your current policy before January 1, 1997, it is tax qualified. A new policy might not be.

Make sure you tell the agent if you're buying a long-term care policy to replace another one. The agent must provide you with a notice explaining how replacing the policy will affect you.

If you decide to replace your policy, don't cancel your current policy until the new one is in effect.



## **Ways to Buy Long-Term Care Insurance**

You can buy an individual policy, or you can buy a group policy through an employer or through membership in an association. Some companies also offer life insurance policies or annuities with long-term care insurance as a rider.

### **Individual Policies**

Most long-term care insurance policies are sold to individuals. Individual policies can be very different from one company to the next. Each company may offer policies with different combinations of benefits. Be sure to shop around to get the coverage that best fits your needs.

### **Group Policies**

Your employer may offer a group long-term care insurance plan or offer individual policies at a group discount.

An employer's group policy may be similar to what you could buy with an individual policy. An advantage of a group policy for employees is that you may not have to meet any medical requirements or there may be a relaxed screening process. Many employers also let retirees, spouses, parents, and parents-in-law apply for this coverage. Relatives must usually pass the company's medical screening to qualify for coverage and must pay the premium.

Generally, insurance companies must let you keep your coverage after your employment ends or your employer cancels the group plan. In most cases, you will be able to continue your coverage or convert it to another long-term care insurance policy. Your premiums and benefits may change, however.

### **Federal and State Government Policies**

Federal and U.S. Postal Service employees, retirees, and qualified relatives are eligible to apply for long-term care insurance coverage through the Federal Long Term Care Insurance Program. Private insurance companies underwrite the insurance, and the federal government does not pay any of the premiums. The group rates under this program may be lower than individual rates and the benefits may also be different.

If you or a family member is a state or public employee or retiree, you may be able to buy long-term care insurance under a state government program.

### **Association Policies**

Many associations offer long-term care insurance to their members. Like other group policies, association policies usually give their members a choice of benefit options. In most cases, policies sold through associations must let members keep or convert their coverage after leaving the association. Most association policies will require you to go through the underwriting process to obtain coverage. Be careful about joining an association for the sole purpose of buying insurance coverage. Review your rights if the policy is terminated or canceled.



## How Policies Work

Long-term care insurance policies are not standardized. Companies sell policies that combine benefits and coverage in different ways.

### Benefit Criteria

Policies have different benefit eligibility criteria (also called triggers) that you must meet before the company will pay benefits. These are based on how many of the six activities of daily (ADLs) you cannot perform or whether you have a cognitive impairment. The six ADLs are bathing, eating, dressing, using the bathroom, continence, and moving from a bed or chair.

Tax-qualified policies require that you be unable to perform two of the six ADLs without substantial assistance for at least 90 days or have a cognitive impairment, such as Alzheimer's. You must also have a plan of care prescribed by a doctor.

Non tax-qualified policies may offer a different combination of benefit eligibility criteria but most are based on ADLs and cognitive impairment. Criteria are not restricted to two ADLs. Medical necessity or other measures of disability can be offered as benefit criteria.

### Elimination Period

The elimination period is the amount of time you have to wait before a policy will pay any benefits. The most common options are for benefits to start at zero, 20, 30, 60, 90, or 100 days after you enter a nursing home or start receiving other services. Benefits begin on the day after your elimination period ends. You can lower your premium by choosing a longer elimination period. However, keep in mind that you'll have to pay all your expenses out of pocket for a longer time before the policy will pay.

Some policies have only one elimination period, while others require an elimination period for each new period of care. Be sure to check how the elimination period works before buying a policy.

### Benefit Period

A benefit period is the amount of time a policy will pay benefits. Benefit periods may range from a minimum of one year to a lifetime. The most commonly offered benefit periods are one, two, three, or five years, or for a lifetime. The premiums for longer benefit periods are higher.

Some companies provide a maximum benefit as a total dollar amount rather than an amount of time. For example, if you buy a policy with a lifetime benefit of \$73,000, the policy would pay for each day of care until you reach the maximum benefit. If the current charge were \$200 per day, the benefit would last for one year.

### How Benefits Are Paid

Insurance companies that sell long-term care insurance generally pay benefits using one of two different methods: the expense-incurred method or the indemnity method. It is important to read the literature that accompanies your policy and compare the benefits and premiums.



Policies using the **expense-incurred method** only pay benefits when you receive an eligible service. The company will pay the benefit amount—either the cost of the expense or the dollar limit of your policy, whichever is less—to you or your provider. Most policies today pay benefits using the expense-incurred method.

Policies using the **indemnity method** pay a set dollar amount up to the limit of the policy regardless of the cost of the service you receive. Benefits that you receive in excess of the costs of long-term care services may be taxable.

## Services Covered by Long-Term Care Insurance

Long-term care insurance policies may pay for several types of care, including:

- **Nursing home care** in a licensed nursing home.
- **Assisted living care** in a licensed assisted living home.
- **Home health care services** that may include skilled nursing care and physical therapy. A licensed home health agency generally must provide this care.
- **Adult day care** in a licensed center. Typical benefits include nursing or therapeutic care, social and educational activities, or personal supervision.
- **Other services.** Some policies will pay for hospice care, respite care (care to allow family members who are caregivers to have time off), care after a hospital stay, help with household chores, or caregiver training for family members.

You might not need a policy that includes all of the above services. Talk to your agent to design a policy that meets your needs.

### Coverage Amounts

A policy may pay different amounts for different types of long-term care services. Be sure you understand how much coverage you will have and how it will cover long-term care services you receive.

### Daily, Weekly, and Monthly Benefit Limits

Policies normally pay benefits by the day, week, or month. For example, a policy that pays with the expense-incurred method might pay a daily nursing home benefit of up to \$200 per day or \$6,000 per month, and a weekly home care benefit of up to \$1,400 per week. When you buy a policy, insurance companies let you choose a benefit amount for care in a nursing home. If a policy covers home care, the benefit is usually a portion of the benefit for nursing home care (for example, 50 percent or 75 percent of your daily nursing home benefit). However, a growing number of policies pay the same benefit amounts for care at home and in a facility.

You can often select the home care benefit amount that you prefer. It is important to know how much skilled nursing homes, assisted living homes, and home health care agencies charge for their services before you choose the benefit amounts. Check prices at centers in the area you're likely to receive care.

### Maximum Benefit Limit

Most policies limit the total benefit they will pay over the life of the policy. Some policies state the maximum benefit limit in years (one, two, three, or more, or life-





time). Others policies list the maximum benefit limit as a total dollar amount. The maximum benefit limit may be called a total lifetime benefit, a maximum lifetime benefit, or a total plan benefit.

Most nursing home stays are short, but illnesses that last several years could mean longer nursing home stays. You will have to decide if you want protection for long stays. Policies with longer maximum benefit periods cost more. Make sure you understand the total amount of coverage provided by your policy.

## Services Not Covered by Long-Term Care Insurance

Long-term care policies may exclude coverage for some conditions, either completely or for a limited time. Policies typically exclude:

- **Preexisting conditions.** A preexisting condition is an illness or disability for which you received medical advice or treatment in the six months prior to applying for long-term care coverage. A long-term care policy can delay coverage of a preexisting condition for up to six months after the policy's effective date.
- **Mental and nervous disorders.** A long-term care policy can exclude coverage of some mental and nervous disorders, but the policy must cover Alzheimer's disease and other age-related disorders. (However, a company can deny to sell a policy to a person already suffering from Alzheimer's.) A long-term care policy must also cover all serious biologically based mental illnesses and brain diseases, such as schizophrenia or major depressive disorders.
- **Care by family members.** Most policies will not pay members of your family to take care of you. However, some policies will pay to train family members to be caregivers.

## Standard Policy Exclusions

Texas long-term care policies may exclude coverage for conditions resulting from

- alcoholism and drug addiction
- suicide, attempted suicide, or self-inflicted injuries
- participation in a riot, felony, or insurrection
- war or an act of war, whether declared or undeclared
- service in the armed forces
- aviation activities, if you were not a fare-paying passenger.

In addition, long-term care policies won't pay for care Medicare already pays for (with the exception of expenses that Medicare pays as a secondary payer) or any other government program, except Medicaid.

Long term care policies may not provide benefits for services or items paid for by another long-term care or health insurance policy. The insurance company cannot deny a claim because services were provided outside the state you were issued the policy.



## Optional Features

Companies must offer inflation protection and a nonforfeiture benefit. The benefits are usually available for an additional premium.

### Inflation Protection

It may be years before you actually need long-term care services. During that time, long-term care costs could increase significantly. Inflation protection helps you keep up with increasing cost of services between the time you bought your policy and the time you actually need them. The younger you are, the more important inflation protection may be. The amount of additional cost for inflation protection primarily depends on how old you are when you buy the policy.

Be careful not to give up necessary benefits in the future for a lower premium today. If you buy a partnership policy and are under 76 years old, you must purchase and maintain inflation protection to ensure you won't lose your policy's partnership status.

Policies must offer inflation protection in at least one of the following ways:

- Benefits automatically increase by 5 percent or more each year, compounded annually.
- Your original benefit amount increases by 5 percent or more compounded each year on the policy's renewal date. If you don't want the increase, you must reject it in writing within 30 days after the policy renewal date.
- The policy covers a specified percentage of actual or reasonable charges for as long as you own it, with no maximum daily limit or policy limit.

The company must give you a graphic comparison of benefits on a policy with and without inflation protection over a 20-year period. If you don't want inflation protection, you must reject it in writing.

### Nonforfeiture Benefit

Companies must offer you a guarantee that you will receive some of the benefits you paid for even if you later cancel or lose coverage. This guarantee is called a nonforfeiture benefit. In most cases, the longer you pay premiums on the policy, the larger the nonforfeiture benefit will be.

Generally, a nonforfeiture benefit will either pay up to the total amount of all premiums paid or 30 times the daily nursing home benefit at the time the policy lapsed, whichever is greater.

A nonforfeiture benefit can significantly increase a policy's premium. If you decide not to buy a nonforfeiture benefit, you must reject the offer in writing and the company must explain its contingent nonforfeiture benefit.

The company will offer a contingent nonforfeiture benefit if your premium is raised substantially as defined in the policy. The benefit allows you to either choose a reduced benefit amount to prevent premium increases or to convert your policy to a paid-up status. If no election is made within 120 days of the due date of the premium increase, the election can be changed to a paid-up status. The paid-up



status will be the greater of either the total sum of all premiums paid for your policy or 30 times the daily nursing home benefit at the time the policy lapsed.

Individuals who purchase limited premium payment policies that are paid in full within a certain time are also entitled to a contingent nonforfeiture benefit during the payment years with different qualifying conditions. Talk to your agent about these conditions.

In addition, you'll receive an explanation of the nonforfeiture and contingent nonforfeiture benefit upon lapse. You can buy a nonforfeiture benefit for an additional premium that will guarantee that you will receive some of the benefits you paid for if you cancel or lose coverage. Read the Optional Features section for more information about nonforfeiture and the contingent nonforfeiture benefit.

### **Optional Benefits Companies May Offer**

#### **Waiver of premium**

Many policies include a waiver of premium provision. This provision allows you to stop paying premiums when you are in a nursing home and the insurance company has started to pay benefits. Companies may waive the premium as soon as they make the first benefit payment or after a specified time, usually 60 to 90 days after the first payment. This provision may not apply if you are receiving certain benefits (home health care or adult day care, for instance).

#### **Refund of premium**

The company will refund some or all of your premiums – minus any claims paid under the policy – if you cancel the policy. Your beneficiary will receive the refund if you die. Usually, you must have paid premiums for a certain number of years before this benefit becomes effective. If you keep the policy, the company will use the refund of premiums to make future premiums cheaper or to increase future benefits.

#### **Restoration of benefits**

Some policies restore benefits to the original maximum amounts if you don't need long-term care services for a specified period, usually 180 days. For example, assume your policy has a maximum benefit period of three years and you were in a nursing home for a year. If you do not require additional long-term care services for at least six months after leaving the nursing home, your benefit period would automatically be restored to the original three years.

#### **Bed reservation**

If you must leave a nursing home to go into a hospital, some policies will pay to reserve your bed in the nursing home for a specified number of days or until you return.



## Long-Term Care Rates

Insurance companies determine long-term care premiums based on several factors. Some of these include:

- **Age.** The younger you are, the lower your premium will be.
- **Your health.** Your health at the time the policy is issued will affect your premium. Your premium will be higher if you have health problems.
- **Elimination period.** The longer you can pay your expenses before the company begins paying benefits, the lower your premium.
- **Benefit amount and duration.** Rates are higher for policies with higher benefit amounts and longer payment durations.
- **Other factors.** Long-term care costs may vary greatly from one area to another. Where you live will affect the cost of your coverage. Optional benefits you decide to add to your policy also will increase your premiums.

### Premium Increases

Premiums on most long-term care policies will increase over time. Companies can raise the premiums on policies that don't have fixed rates, but only if they increase the premiums for everyone with similar rates in your rate class. A company cannot single you out for a rate increase, regardless of any change in your health or the number or amount of claims you've made. The company can base your rate class on your age, where you live, and your health status at the time you purchased your policy. The company must give you at least 45 days notice of any premium increase.

View TDI's *Long-Term Insurance Care Rate Guide* to view rates for companies selling long-term care insurance.

### Policy Renewals and Cancellations

Long-term care policies are guaranteed renewable. This means the company must renew your policy each year unless you lied about your health in the application, didn't pay your premiums, or used all your benefits.

You can cancel your policy at any time by giving notice to the insurance company. The company must return any unearned premium to you. Unearned premium does not apply to a single premium policy or to policies that will be paid in full in one to four years. Policies that will be paid in full in five to 10 years are subject to a return of premium as described in the policy.

After a policy has been in force for two years, a company cannot cancel it or refuse to pay claims because you lied on the application, unless the lies are fraudulent. If a policy has been in force less than two years, a company can deny a valid claim or cancel the policy if it can prove you lied or tried to deceive it.

When you buy a long-term care policy, the company will ask you to choose another person who will also receive notice if your policy is about to be canceled because you have not paid the premium. The other person can be a relative, friend, or a professional, such as your lawyer or accountant. Although the company is required to ask, you do not have to designate anyone to receive this notice. The



designated person will not be responsible for paying the premium and will only be notified if the payment is more than 30 days past due.

A company may not cancel a policy for nonpayment of premium unless the premium has gone unpaid for at least 65 days past the due date. The company must wait 30 days after the due date before notifying you and any person you designated that it will cancel the policy for nonpayment. Once the company has mailed the notice, it must allow five days for you to receive it. From that date, the company must give you 30 days to pay the premium.

You may want to consider paying your long-term care policy premiums by automatic bank draft. However, you'll have to notify the company and the bank in writing to stop the withdrawals if you no longer want the policy or you want to change the method of payment.

If the company cancels your policy for nonpayment, it must reinstate the policy upon receiving proof within approximately five months of the cancellation date that you failed to pay premiums because of mental or physical impairment. The company must also pay any claims for eligible services. You will have to pay back premium to the date the policy lapsed.

## **Alternatives to Long-Term Care Insurance**

Here are some other methods to help you pay for long-term care services in lieu of long-term care insurance:

### **Life Insurance**

One option for funding long-term care is through life insurance. Some companies offer an accelerated benefits rider for an additional premium that allows you to access your death benefit early if you are diagnosed with a long-term, catastrophic, or terminal illness. The amount you withdraw to pay for long-term care will be subtracted from the death benefit that will go to your beneficiaries when you die.

There are also some life insurance policies that offer long-term care insurance as a rider. If your policy includes any of these options, you may be able to pay for long-term care with the proceeds.

### **Annuity Contracts**

Some annuity contracts allow you to withdraw money without a penalty to pay for long-term care services. If your contract includes this option, you may be able to pay for long-term care expenses with your annuity.

### **Viatical and Life Settlements**

Some companies purchase life insurance policies and pay a percentage of the policy's death benefit in return. If you are terminally ill and have a life expectancy of two years or less, it's called a viatical settlement. If you no longer want or need your policy, it's called a life settlement.

If you sell your policy, the buyer becomes the policy owner, pays the premiums, and collects the policy's benefit upon your death. Make sure you check with your insurance company about any cash value you may have in your policy to determine if the cash value is more beneficial to you than selling the policy.



To get a list of registered viatical or life settlement companies and brokers, call the Texas Department of Insurance (TDI) **Consumer Help Line** or visit our website

**1-800-252-3439**

**463-6515** in Austin

**www.tdi.state.tx.us**

### **Reverse Mortgages**

If you own a home, you may be able to get a reverse mortgage. Reverse mortgages are special home loans available to people 62 and over. They allow you to convert part of the equity you've built up in your home into income without having to sell the home or take out a second mortgage. No payments are due on the loan until the borrowers no longer use the home as the primary residence. Some people use income from a reverse mortgage to pay for long-term care expenses.

### **For More Information or Assistance**

For answers to general insurance questions or for information on filing an insurance-related complaint, call the **Consumer Help Line** between 8 a.m. and 5 p.m., Central time, Monday-Friday, or visit our website

**1-800-252-3439**

**463-6515** in Austin

**www.tdi.state.tx.us**

For printed copies of consumer publications, call the 24-hour **Publications Order Line**

**1-800-599-SHOP** (7467)

**305-7211** in Austin

Help us prevent insurance fraud. To report suspected fraud, call our toll-free **Fraud Hot Line**

**1-888-327-8818**

To report suspected arson or suspicious activity involving fires, call the State Fire Marshal's 24-hour **Arson Hot Line**

**1-877-4FIRE45** (434-7345)

*The information in this publication is current as of the revision date. Changes in laws and agency administrative rules made after the revision date may affect the content. View current information on our website. TDI distributes this publication for educational purposes only. This publication is not an endorsement by TDI of any service, product, or company.*

# Long-Term Care Insurance Suitability Worksheet

Long-term care insurance is probably not right for you if any of the following apply:

- You cannot afford the premiums.
- You have limited assets.
- Your only source of income is Social Security or Supplemental Security Income.
- You often have trouble paying for utilities, food, medicine, or other important needs.
- You are on Medicaid.

If you think long-term care insurance is right for you, consider your personal risk factors and financial considerations and then talk to a trusted financial advisor to determine if you should buy a policy.

## Personal Risk Factors

Does your family have a tendency for long life expectancy?  Yes  No

Is there a history of chronic or debilitating health conditions in your family?  Yes  No

Do you have a spouse, adult children, or other family members who can care for you at home?  Yes  No

Do you understand that you must be diagnosed with cognitive impairment or be unable to perform two of six ADLs (bathing, continence, dressing, eating, toileting, transferring) prior to receiving benefits?  Yes  No

## Financial Considerations

### Premiums

How will you pay your long-term care insurance premiums?  Income  Savings/investments

Will your family contribute anything toward your long-term care insurance premiums?  Yes  No

Can you afford the policy if premiums increased, for example, by 20 percent?  Yes  No

Are you planning to retire in the next five to 15 years? If so, how will retirement impact your ability to pay your premiums?  No impact  Major impact  Minor impact

### Income

What is your annual income? \$ \_\_\_\_\_

How do you expect your income to change over the next 10 years?  No change  Increase  Decrease

Will you be able to afford the policy if your income decreases?  Yes  No

### Assets

Not counting your home, how much are all of your assets (savings and investments) worth?  Under \$20,000  \$20-30,000  
 \$30-50,000  Over \$50,000

How do you expect your assets to change in the next 10 years?  No change  Increase  Decrease

Are your assets large enough to justify the expense of a long-term care policy?  Yes  No

# Long-Term Care Insurance Policy Comparison Worksheet

If you decide long-term care insurance is right for you, use this worksheet to compare various policies.

Call the TDI **Consumer Help Line (1-800-252-3439)** or visit our website ([www.tdi.state.tx.us](http://www.tdi.state.tx.us)) to learn a company's financial rating, complaint index, and company license status.

<b>Company Information (insert company name →)</b>						
Telephone number						
Financial rating						
Consumer complaint index						
Company licensed in Texas (yes or no)						
Number of years in business						
Policy form number						
Number of years selling policy form						
<b>Premium Amounts</b>						
Premium without riders and discounts	\$		\$		\$	
Premium with home health care	\$		\$		\$	
Premium with inflation protection	\$		\$		\$	
Premium with nonforfeiture benefit	\$		\$		\$	
Premium for optional rider:	\$		\$		\$	
Premium for optional rider:	\$		\$		\$	
Discounts you qualify for		%		%		%
Premium with riders and discounts	\$		\$		\$	
<b>Benefits the Policy Provides</b>						
Years of coverage provided						
Total lifetime benefit	\$		\$		\$	
Pre-existing condition wait period (yes or no)						
Benefits adjusted for inflation protection (yes or no)						
Tax-qualified policy (yes or no)						
<b>Services the Policy Provides</b>						
Nursing home care (yes or no)						
Assisted living facility care (yes or no)						
Home health care (yes or no)						
<b>Daily and Monthly Policy Limits</b>						
	<b>Daily</b>	<b>Monthly</b>	<b>Daily</b>	<b>Monthly</b>	<b>Daily</b>	<b>Monthly</b>
Nursing home care	\$	\$	\$	\$	\$	\$
Assisted living facility care	\$	\$	\$	\$	\$	\$
Home health care/adult day care	\$	\$	\$	\$	\$	\$
<b>Elimination Periods (list number of days for each )</b>						
Nursing home care						
Home health care						





## Helpful Telephone Numbers and Websites

**“Own Your Future” Texas Long-Term Care Insurance Partnership Program** (state initiative to increase awareness of the importance of long-term care planning)

**[www.ownyourfuturetexas.org](http://www.ownyourfuturetexas.org)**

**“Own Your Future” National Clearinghouse for Long-Term Care Information** (U.S. Department of Health and Human Services)

**1-202-619-0724**

**[www.longtermcare.gov/](http://www.longtermcare.gov/)**

**Medicare** (questions about Medicare coverage, long-term care planning tools, and nursing home finder comparison tool)

**1-800-Medicare** (1-800-633-4227)

**[www.medicare.gov](http://www.medicare.gov)**

**Medicare and TrailBlazer Health Enterprises** (questions about Medicare Part A and Part B coverage or claims and requests for Medicare participating provider directory)

**1-800-Medicare** (1-800-633-4227)

**[www.trailblazerhealth.com/](http://www.trailblazerhealth.com/)**

**Social Security Administration Toll-free Hot Line** (questions about Medicare enrollment and eligibility and requests for the "Medicare and You" handbook)

**1-800-772-1213**

**[www.ssa.gov](http://www.ssa.gov)**

**Texas Department of Aging and Disability Services Information and Referral Hot Line** (statewide services for seniors and locations of Area Agency on Aging offices)

**1-800-252-9240**

**[www.dads.state.tx.us/](http://www.dads.state.tx.us/)**

**Texas Department of State Health Services** (questions about health facility compliance and licensure)

**1-888-963-7111**

**[www.dshs.state.tx.us](http://www.dshs.state.tx.us)**

**Texas Health and Human Services Commission’s Medicaid Hot Line** (questions about Medicaid coverage)

**1-800-252-8263**

**2-1-1** (free information about resources in your area)

**[www.dads.state.tx.us/ltss/](http://www.dads.state.tx.us/ltss/)** (Medicaid Long-term Care Services website)

**Texas Medical Board’s Customer Service Hot Line** (questions about licensing and certification of doctors and complaints about care provided in a doctor’s office)

**1-800-248-4062**

**[www.tmb.state.tx.us/](http://www.tmb.state.tx.us/)**

**Texas Medical Foundation Health Quality Institute Beneficiary Help Line** (questions or complaints about quality of care provided to Medicare beneficiaries and requests for publications)

**1-800-725-8315**

**[www.peoplewithmedicare.org/](http://www.peoplewithmedicare.org/)**



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